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# Standing Committee on Transport, Infrastructure and Communities

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Chair: Mr. Vance Badawey





# Standing Committee on Transport, Infrastructure and Communities

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• (1535)

[English]

**The Chair (Mr. Vance Badawey (Niagara Centre, Lib.)):** Welcome to meeting number 18 of the House of Commons Standing Committee on Transport, Infrastructure and Communities.

Today's meeting is taking place in a hybrid format, which is no different than the way we've been for some time now. This is pursuant to the House order of January 25, 2021. The proceedings will be made available via the House of Commons website. The web-cast will always show the person speaking rather than the entirety of the committee.

To ensure an orderly meeting, I would like to outline a few points to follow. I don't like calling them rules. For lack of a better word, they're recommendations from the House.

Members and witnesses may speak in the official language of their choice. Interpretation services are available for this meeting. You have the choice, at the bottom of your screen, of either floor, English or French.

For members participating in person, proceed as you usually would when the whole committee is meeting in person in a committee room. Keep in mind the directives from the Board of Internal Economy regarding masking and health protocols.

Before speaking, please wait until I recognize you by name. If you are on the video conference, please click on the microphone icon to unmute yourself. To those in the room, your microphone will be controlled as normal by the proceedings and verification officer. As a reminder, all comments by members and witnesses should be addressed to the chair. When you are not speaking, your mike should be on mute.

With regard to a speaking list, as always, the committee clerk and I will do the best we can to maintain the order of speaking for all members, whether they are participating virtually or in person.

Members, pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, October 29, 2020, the committee is meeting today to continue its study on the Canada Infrastructure Bank.

Now I would like to welcome our witnesses.

We have Concert Infrastructure, Derron Bain the managing director; as well as The Council of Canadians, Dylan Penner, climate and social justice campaigner.

Mr. Bain, you have five minutes, and the floor is yours.

**Mr. Derron Bain (Managing Director, Concert Infrastructure):** Good afternoon, Mr. Chair and committee members.

Thank you for the opportunity to be with you to contribute to your study of the Canada Infrastructure Bank.

Concert Infrastructure is an independent long-term investor, developer and manager of public infrastructure. Our foundation and strength include the backing of Canadians represented by the 10 unions, including building trades and management pension plans that are our shareholders.

Concert Infrastructure was created to invest in Canadian public-private partnership, P3, infrastructure projects, strengthening communities while providing stable and predictable financial returns for our shareholders.

This Canadian-centric infrastructure investment model seeks to secure the long-term financial future or retirement income of Canadians, while partnering with Canadian companies and employing Canadian building trade workers to deliver critical public infrastructure.

Through 10 direct infrastructure investments with an aggregate capitalization of almost \$3 billion, including the Iqaluit International Airport, several school bundles and the BC Children's and BC Women's hospital projects, Concert has been a successful vehicle enabling pension plans access to Canadian infrastructure investments.

Infrastructure investment is critical to strengthening the economic and social fabric of Canadian communities. It is well understood that Canada, like most nations, faces a massive infrastructure deficit. Concert supports the government initiative to address this deficit through the Investing in Canada plan and its \$180-billion financial commitment. We also agree with the government and CIB objective to leverage private sector investment in infrastructure to deliver more projects more quickly.

In late 2016 and early 2017, Concert engaged directly with the government on its CIB initiative. At the time, we were assured that the initiative would not impact the well-established, competitive and successful Canadian P3 model and sector.

Today our position and message to the committee on the CIB remains consistent. P3s have been successfully implemented across Canada for almost 20 years, including in British Columbia, Alberta, Saskatchewan, Ontario, Quebec and Nunavut. It is a model that delivers infrastructure in partnership with all levels of government and agencies on time and on budget. The Canadian P3 model is widely viewed as best in class, and many Canadian companies are now exporting the model to other countries.

Canada continues to underutilize the model and expertise, particularly the federal government. Too few federal government-led projects are brought to market. There is an abundance of private capital available for infrastructure investment in Canada but an undersupply of project opportunities. Canadian capital is available and waiting to invest in our infrastructure.

Canadian institutional investors, such as pension plans, have the experience, track record of success, as well as the capital available to invest in these projects. Similarly, the First Nations Finance Authority exists in Canada to provide third party financing to indigenous infrastructure projects.

The Canadian P3 market is competitive and mature, resulting in efficient pricing, development, delivery and management of public infrastructure projects, often led by Canadian institutional investors such as Concert.

A primary role of the CIB should be to expedite and package the wide range of sizable infrastructure projects in a way that is accessible and relies on these pools of private sector capital.

The activity of the CIB to date appears to crowd out opportunity for private sector equity and debt investment in infrastructure projects. The November 2020 “CIB Corporate Plan”, appendix I, page 80, lays out various infrastructure delivery models and structures, making it clear that the CIB intends to finance design-build-finance-maintain, DBFM, projects or design-build-finance-operate-maintain, DBFOM, projects that have been previously financed by Canadian institutional investors.

There are three main CIB priorities that Concert recommends this committee include in its final report.

First, leverage private sector investment, structuring projects to maximize private sector equity and debt. CIB should not be financing P3 DBFM or DBFOM projects. It should respect its mandate of supporting revenue/usage risk infrastructure projects.

Second, the CIB should be mandated to take a leadership role in the identification and implementation of major federal government infrastructure projects, while seeking to maximize private sector equity and debt investment. This activity will produce a greater pipeline of investable projects. An inventory of CIB projects and opportunities for private investment should be maintained and be transparent to the Canadian infrastructure market. A mandatory federal P3 screen of projects should be reinstated, supporting greater private sector investment in infrastructure.

- (1540)

Finally, the CIB should be separated from routine government decision-making, giving it a clear mandate to support the implementation and delivery of infrastructure projects. As you work to

develop your report, we urge you to be mindful of the existing successful Canadian infrastructure investment market and how the CIB is impacting this market and ultimately the effective and efficient delivery of infrastructure in Canadian communities.

Thank you.

**The Chair:** Thank you, Mr. Bain.

We will move on to our next speaker.

Mr. Penner, it's all yours.

**Mr. Dylan Penner (Climate and Social Justice Campaigner, Council of Canadians):** Thank you for the invitation to join this important discussion.

Using the Canada Infrastructure Bank to advance infrastructure privatization and public-private partnerships is deeply misguided and dangerous, and here's why. The CIB's current structure promotes a flawed financing model of public-private partnerships, inviting and subsidizing private interests to take control of critical infrastructure and services that should be kept in public hands. P3s are a tool that poorly invests public funds to further corporate interests while failing to support communities. The CIB could play a critical role in supporting a just recovery from the pandemic and support the transition to a low-carbon economy, but not if it remains fixated on privatization and P3s.

For infrastructure to truly be in the public interest, it must be publicly owned and operated. P3s eliminate jobs, lack transparency and exclude municipalities from the decision-making process. Given the failings of P3s, we should not be surprised that at least one CIB project was already cancelled before it even began. Last summer the Township of Mapleton called off its plans to privatize its water infrastructure with the CIB, because the privatization would have been too risky for the township.

P3s cost more. Canadians could benefit from the CIB if it were returned to its original mandate. A federal provider of low-cost public financing for infrastructure projects would help municipalities from coast to coast. The current CIB model, however, which relies on private financing, often provides municipalities with loans with two to three times higher interest rates compared with public borrowing and requires financiers to provide a return on investment for their shareholders. This results in significantly higher project costs with no added benefit for municipalities.

Contrary to what some might view the situations as, in a review of 74 public-private partnerships in Ontario in 2014, the Auditor General concluded that they cost the province \$8 billion more than if they had been procured publicly. A similar report by the B.C. Auditor General suggested the 16 P3 projects cost the province nearly twice as much compared with public financing. The Ontario and B.C. governments wasted billions of public dollars.

P3s deliver less, and this in a time when the climate crisis requires us to move quickly to decarbonize everything, including infrastructure. Publicly owned and operated infrastructure delivers more quickly than P3s, which are prone to failures and delays. In an attempt to cut corners and maximize profits, private companies operating P3s often try to reduce their workforce and avoid “unnecessary” investments in the public interest, delivering poorer quality. The business case for P3s often includes a significant risk transfer amount, presumably as the private sector takes on the risks associated with the project. However, the Ontario Auditor General has reported that this risk transfer factor in P3 projects is regularly inflated without evidence, often to favour the P3 option.

When it comes to essential services like water, sewage treatment, or transit, the community and municipality still bear the consequences, and higher costs, when things go wrong. P3s lack accountability and remove community control. Governments need the flexibility that comes with public infrastructure financing in order to enact strategic industrial policy. Hiding behind confidential contracts, the entire process of negotiating and procuring P3s is behind closed doors. The contract, once signed, takes away public control of the infrastructure and services, undermining that needed flexibility for several decades.

In March 2018, for example, Ottawa city councillors had only three weeks to review their P3 contract for stage two of the light rail transit here before signing. They did not learn until after the fact that the winning consortium failed to meet the minimum technical score.

- (1545)

**The Chair:** Dylan, you have one minute.

**Mr. Dylan Penner:** Thank you.

In 2011 Berlin residents and citizen groups had to push for a referendum to publicize the contract for its privatized water services before ending up taking it back into public hands.

P3s were a poor model before the pandemic. Now that we have the opportunity to build back better, P3s should play no role in Canada's post-COVID recovery plan. Canadians need a just recovery plan that puts communities ahead of corporate profits.

Thank you.

**The Chair:** Thank you, Mr. Penner and Mr. Bain.

We're now going to move on to our first round of questions.

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

**Hon. Andrew Scheer (Regina—Qu'Appelle, CPC):** Thank you very much, Mr. Chair.

First, I'd like to thank our witnesses for two very articulate, if perhaps polar opposite, presentations but I certainly do appreciate both of you sharing your perspectives.

Mr. Bain, I was trying to take notes as you were speaking. Could you go over your first recommendation for the committee about leveraging private sector investment, and what you think the CIB needs to shift to accomplish that?

**Mr. Derron Bain:** The first recommendation was around a focus on doing as you've laid out: leveraging private sector investment in these infrastructure projects. I think that's been a clear and consistent mandate of the CIB since its inception in 2017 and confirmed a number of times over the last three years or so as it's gone through a series of major announcements and adjustments.

By that, I think the point I would be making with respect to this is, to date, I think the track record of the CIB and the announcements are around federal commitments to fund certain projects that are laid out on its website. Given that this is an actual performance metric that is laid out in the CIB's corporate plan, I think it's important going forward that some focus and emphasis be placed on the amount of private sector investment that these commitments are intended to raise alongside the government funding.

**Hon. Andrew Scheer:** I think that's a key point, because this was the main thrust when the Infrastructure Bank was announced. The Prime Minister had attended some very fancy parties and had spoken to some very well-connected financiers around the world and he came back with this idea that all this untapped capital was waiting, just looking to invest in places, and if the government could provide just a little grease on the wheels or de-risk it a little, they would be tripping over each other to invest and build the types of infrastructure that communities need.

It was announced in 2016. It's been up and running now for almost four years. To date, they've completed no projects. In your view, as it currently exists, has the bank been successful in leveraging that private sector money?

• (1550)

**Mr. Derron Bain:** As I responded earlier, I think the thing to recognize about infrastructure is that it does take time to plan, procure, approve, finance and mobilize. Insofar as these commitments that have been made to date ultimately lead to a project, I think that's a positive thing in what we're trying to achieve and what countries want to achieve through infrastructure investment. But again, I think the CIB itself has laid out the objective a number of times, and as I said, it's going to be measured in its formal corporate plan. I think the corporate plan lays out a two-times multiple of CIB capital from the private sector, and I think it's fair to say at this point that I'm not sure any private capital has been committed alongside those project commitments.

**Hon. Andrew Scheer:** That's fair enough. You referenced some of the previous government's P3 model, which was of course very successful. I have a project in my own riding. The commitment was made and the overpasses on the highway were built within a four-year time frame. So there certainly is a track record in the previous government of getting these types of projects built quickly through the P3 system.

Your second recommendation was that the CIB should do more in identifying large-scale projects where the federal government could play a role. Am I to understand what you mean by that is they should be more proactive? Until now, have they been too passive, waiting for applications to come onto their desk? Is the recommendation that they should work with other levels of government to identify potential projects that may not have reached the stage of a formal bid?

**Mr. Derron Bain:** It is my understanding that within the federal government there is no single agency that's responsible for the coordination, approval and implementation of federal infrastructure projects. Each federal department retains responsibility to deliver the projects on their own, within their department. I believe, as per my second recommendation, that if the CIB were given a mandate to screen, say, all federal government projects or capital commitments above \$100 million, similar to the previous P3 screen that was in place prior to 2015, it could generate significant opportunities to attract private sector capital to the federal government's own stock of projects and infrastructure, whether that's first nations housing, building infrastructure, RCMP, DFO, Coast Guard, CBSA facilities, military housing and DND, government land, buildings and office space, government labs.... Again, it seems to me that that type of a private sector investment screen on major federal government commitments would generate more investment and more project opportunities.

**The Chair:** Thank you, Mr. Bain, and thank you, Mr. Scheer.

We're now going to move on to the Liberal Party.

Mr. Sidhu, the floor is yours for six minutes.

**Mr. Maninder Sidhu (Brampton East, Lib.):** Thank you, Chair, and thank you to our witnesses for joining us today.

Brampton is a growing and vibrant city, and advocating for a city where I grew up and am now raising my own children is extremely important to me. The recent \$45 million Brampton transit investment will help our residents with more viable transport options while reducing our carbon footprint. The Brampton riverwalk project, which received close to \$40 million from the disaster mitigation and adaptation fund, will help mitigate flooding while unlocking economic potential for great job opportunities. Now, as Brampton Liberal MPs continue to advocate for Brampton, I know sustainability is top of mind.

Mr. Bain, Canada is not the only country mobilizing the use of partnerships to sustainably finance critical infrastructure projects. For example, the Nordic Investment Bank and the European Investment Bank use similar models. I believe other countries, such as the U.K., are looking to create an infrastructure bank. Can you speak to some international best practices and what other creative financing options other countries are using to finance critical infrastructure projects?

**Mr. Derron Bain:** As you pointed out, there are a number of examples of jurisdictions pursuing models to invest, increase or leverage private sector investment in infrastructure. Most recently, I believe the U.K. is looking at a potential infrastructure bank to make its infrastructure investments. Obviously there's a significant track record of P3 models around the world, whether in Australia, the U.K., Canada or the United States.

What I would say on this point is that there is certainly no disagreement with the objective of investing in infrastructure and its impact on jobs, productivity and growth in a modern economy. The point that I've been making is that the CIB set out a specific mandate with respect to attracting private sector capital and leveraging private sector capital, and I think we just need to make sure that that remains a focus and that it delivers on that.

• (1555)

**Mr. Maninder Sidhu:** Mr. Bain, our government is committed to fighting climate change and exceeding our 2030 emissions targets. The Canada Infrastructure Bank growth plan is looking to support clean power, zero-emission buses and energy-efficient infrastructure. Can you speak to the types of infrastructure investments that will help accelerate these goals?

**Mr. Derron Bain:** There are a number of potential sectors that would help with that goal. I think it's important to note that with any infrastructure project that's been delivered in recent memory—in my experience through the P3 model—they all seek to maximize sustainability objectives and ensure they're considering climate change and those impacts. Obviously investments in renewable energy can help achieve that goal.

**Mr. Maninder Sidhu:** Thank you, Mr. Bain. I appreciate your insights.

The Canada Infrastructure Bank recently announced a partnership with the Government of Alberta to help build a modern irrigation system that will enhance crop production while providing water security and mitigating the impacts on the environment. Our government is committed to supporting innovative projects across the country, like the Alberta irrigation project, that will bring us in to the future and provide significant returns on investment.

Can you speak to the new innovations that the Canada Infrastructure Bank should consider supporting? It's similar to my last question but more in depth.

**Mr. Derron Bain:** Can you maybe be a little more specific with what you're trying to get at?

**Mr. Maninder Sidhu:** The Canada Infrastructure Bank can be used for many different competitive projects. I'm just thinking of taking an innovative approach. What are your thoughts on that?

**Mr. Derron Bain:** If you look at the list of projects that it's committed to, whether it's the one you cite in terms of Alberta Irrigation, whether it's Lulu Island District Energy, the Oneida Energy Storage project, Pirate Harbour Wind Farm, that's a basket of projects, clearly, that lands in the renewable energy space. I think that's certainly a priority for this government and it's clearly a priority for many others, as we face the challenges of climate change.

**Mr. Maninder Sidhu:** Thank you for that.

Mr. Penner, I'll just come to you.

When we consider projects, and we talk about the broader impacts on the community that come with these projects, how do you think the government should approach this?

**The Chair:** Mr. Penner.

**Mr. Dylan Penner:** Fundamentally, it comes back to the mandate of the bank itself, and the importance of returning it to build public financing and moving away from engaging in support for privatization and P3s.

As I outlined just some of the challenges with P3s earlier, I find it interesting that often folks who speak in favour of P3s use rhetoric that seems very detached from the evidence. There have been, as I mentioned, reports from attorneys general that outlined just how wildly these projects overspend and it's well documented how much longer they take, how much more they cost, and how local councils and local governments lose democratic oversight of the projects themselves, which would be there if they were public projects. In many ways it's not a question of individual projects, but it comes back down to the mandate needing to be for public projects, publicly funded and publicly financed and operated.

• (1600)

**The Chair:** Thank you, Mr. Penner, and thank you, Mr. Sidhu.

We're now going to move over to the Bloc.

Mr. Barsalou-Duval, the floor is yours for six minutes.

[*Translation*]

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

I will first address Mr. Bain.

Earlier, in your opening remarks, you referred to the need for institutions like the Canada Infrastructure Bank to be independent from the government.

Based on what you are seeing now, is there currently a lack of independence from the government?

[*English*]

**Mr. Derron Bain:** Not being directly involved in the specific business of the bank, there have certainly been observations and reports from the outset that the board of the Canada Infrastructure Bank did not have the requisite autonomy and authority to actually deliver the projects. In the October 2020 announcement around their \$10-billion growth plan, it's my understanding that perhaps some of the requisite autonomy and authority have now been clarified for the board of the CIB. It will have the responsibility to actually see these projects delivered and advanced without interference moving forward.

[*Translation*]

**Mr. Xavier Barsalou-Duval:** Don't you think the Canada Infrastructure Bank is a strange beast? It involves an additional administrative layer, offices and public servants. It distributes money from the federal government that could be distributed through regular infrastructure construction programs.

Is that not taking away means of building infrastructure to allow, in a way, the private sector to make additional profits?

[English]

**Mr. Derron Bain:** What I would say in response to that is there are obviously different vehicles for financing infrastructure, and its delivery. Certainly a granting approach is one approach. Provincial agencies that have been set up in the provinces, whether Ontario, B.C., Saskatchewan, Alberta, and even Quebec, that were mandated with a delivery of the P3 model, is another approach. I think the CIB model can certainly work. It's a viable approach. But, again, I go back to the point that I've tried to highlight: as part of the CIB's mandate, as part of its core mandate, it's laid out that it is to leverage and maximize private-sector capital investment, as I said, to a two-times multiple of CIB's funding commitment. I think that's the accountability and the focus with respect to the performance and the success of the agency moving forward.

[Translation]

**Mr. Xavier Barsalou-Duval:** I think people are still convinced of the famous extraordinary effectiveness of the private sector compared with the public sector when it comes to the use of capital.

Mr. Bain, I would like you to tell me a bit more about the private sector's magic that instantly makes such projects more profitable and of greater interest for the public.

[English]

**Mr. Derron Bain:** I don't think there's a magic to this. I think there is a successful track record, whether it be in Ontario, Alberta, Saskatchewan, British Columbia, Quebec or Nunavut, whereby the P3 model, with the private sector taking responsibility for these projects, has resulted in significant cost savings and schedule benefits to those governments that have implemented the approach.

• (1605)

[Translation]

**Mr. Xavier Barsalou-Duval:** Mr. Penner said earlier that the Office of the Auditor General of Ontario concluded, in 2017, that 74 P3 projects had cost \$8 billion more than if they have been carried out by the public sector.

Does that not contradict what you just said?

[English]

**Mr. Derron Bain:** In my understanding, that report made certain assumptions around risk transfer and value for money analysis that were arguable. Insofar as we can quote reports such as that, I can look to Concert Infrastructure's experience with this model in Saskatchewan where it was used to deliver two bundles of schools, 18 schools, the largest Saskatchewan school-building project in the province's history. It generated savings in that instance of upwards of \$100 million.

It's important to also think about broader public policy interests and objectives when you're looking at this model. As I laid out in my opening remarks, Concert Infrastructure is owned by 10 management and union pension plans in British Columbia. These investments in the infrastructure are not only being delivered on time and on budget, but they're also supporting the long-term financial security of Canadian workers who are members of these pension plans.

**The Chair:** Thank you, Mr. Bain; and thank you, Mr. Barsalou-Duval.

We're now going to move on to the NDP.

Mr. Bachrach, the floor is yours for six minutes.

**Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP):** Thank you, Mr. Chair; and thank you to both of our witnesses for appearing today.

I'm trying to decide where to start in on this. It has been very interesting listening to the testimony from both of you. Perhaps I'll start with Mr. Penner.

I'm trying to boil these issues down to simple concepts. We recently learned that some of the projects funded by the Canada Infrastructure Bank are going to be allowed to charge users to generate profits for their corporate operators. These projects are also receiving essentially low-interest loans through the CIB. The Canadian public is providing inexpensive financing and then is having to pay again through user fees once the projects are constructed.

Based on your opening comments, I'm assuming that you don't feel this is appropriate. I wonder if you could expand a bit on why.

**Mr. Dylan Penner:** Thanks for that. This is a classic problem with public-private partnerships. When essential infrastructure or services are privately operated, there is also this incentive to bring in or increase user fees over time to create profit. As you mentioned, plans for user fees have been confirmed by the CIB itself in its last annual report.

To give you one example, a Food and Water Watch report showed that, in the U.S., private sector providers charged 59% more for drinking water and 63% more for sewage services than public water services. Rising user fees affect the most vulnerable communities first, and in the case of water, could violate the human right to water. I could go on in terms of other sectors, but I think that highlights the seriousness, when it comes to user fees, of just one of the many problems with P3s.

**Mr. Taylor Bachrach:** Thank you, Mr. Penner.

I come from a local government background. I was the mayor of a small community and I took great interest in the story of Mapleton. I know that you followed this very closely. I wonder if you could share with the committee some of the lessons that were learned through that experience, and how the conversation between the Canada Infrastructure Bank and the local government unfolded over the months involved in those discussions.

**Mr. Dylan Penner:** I think the short version is that, as I mentioned, the council recognized the very serious risks, some of which I highlighted, when it comes to P3s. In the end, they opted to go public.

I want to put this in context, too, because while Mapleton is one important example and very connected to the CIB, this is happening in the context where there is a global movement, which at the council we're proud to be a part of, that is aimed at taking back public control of water. That now consists of 267 municipalities in 37 countries, so it's not just Mapleton. This is a widespread move to "remunicipalization" that is happening, because people, communities and councils are recognizing just how bad water P3s are for their communities.

Another really important example to look at is Hamilton, Ontario, which signed a 10-year P3 deal in 1998 for its water system. Soon after, residents woke up to 135 million litres of raw sewage spilling into the harbour and flooded basements and businesses. Hamilton's water service workforce had been cut in half, which I think is just one of many examples that highlight why P3s aren't about job creation and actually lead to job cuts. Project costs ballooned, and the water contract changed hands four times.

There's a lot to look at in terms of why going down this road is a very bad idea.

• (1610)

**Mr. Taylor Bachrach:** Mr. Penner, Mapleton is a very small community. I come from a small community. A lot of the projects that we talk about when we talk about P3s and the Canada Infrastructure Bank are for huge communities and municipalities and urban areas and are projects that range in the hundreds of millions of dollars, if not billions.

Is there a risk here that the emphasis and the focus of government are going to shift onto projects that are the most profitable, where corporations stand to make the most profit? What are the risks for smaller communities in terms of the equity between municipalities and local governments of different sizes in our country?

**Mr. Dylan Penner:** It's an important question. I think part of it is also about asking who these projects are profitable for. They're certainly not for the local communities, as we've seen from the reports by the Auditor General.

I live in Ottawa. For those people who don't live in Ottawa, you might not know that for quite some time the P3 for the light rail transit here was basically a bad punchline for pretty much everyone in Ottawa, because of the lack of accountability and democratic oversight and the cost overruns, and because of the fact that it took well over a year past deadline to move forward at stage 2. That's just one example of a very problematic P3 in a slightly larger community.

It really comes down to how these projects aren't in the interests of people or communities, but serve to increase corporate profits.

**Mr. Taylor Bachrach:** In the \$10-billion growth plan funded through the Canada Infrastructure Bank, one of the stated aims is to reduce greenhouse gas emissions. Do you feel that the CIB is the best mechanism to deliver on that particular objective of meeting our climate targets? I know that we've had some discussion on this already, but perhaps you could provide your thoughts.

**Mr. Dylan Penner:** I think not, if it's continuing down the road of P3s and privatization. What we need to keep in mind is that fundamentally privatization isn't part of the solution. It's a central part

of the problem. Also, the deeper problem is neo-liberalism, which is that toxic mix of privatization, yes, but also deregulation, so-called free trade, which has devastated communities. Despite what proponents claim, none of these are about jobs or private interests, but about corporate profits and making the rich richer.

The neo-liberal policies of the last several decades have locked us into the escalated nature of the climate crisis we've faced, including dispossessing and marginalizing the most vulnerable people, plundering our resources and putting our public health at risk for the profit of the wealthy few. Also, there's the pandemic—

**The Chair:** Thank you, Mr. Penner.

**Mr. Dylan Penner:** [*Inaudible—Editor*] and the damage to the public sector that will last for decades—

**The Chair:** Thank you, Mr. Penner.

**Mr. Dylan Penner:** The pandemic has really laid bare the damages of decades of gutted public services and—

**The Chair:** Thank you, Mr. Penner.

Thank you, Mr. Bachrach.

We're now going to move on to our second round. Our second round is for five minutes with two and a half minutes each for the NDP and the Bloc.

I'm going to start off with the Conservatives.

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

**Mrs. Stephanie Kusie (Calgary Midnapore, CPC):** Thank you, Chair.

I'll be passing my time back to Mr. Scheer.

Thank you.

**The Chair:** Mr. Scheer, the floor is yours.

**Hon. Andrew Scheer:** Thank you.

We tried to get a message to the clerk, but thanks very much, Mr. Chair.

Maybe I'll start with Mr. Penner, because last time most of my questions were for Mr. Bain.

I'm probably not going to change your opinion on the benefits of private sector investment and some of the growth and project production costs, and you're probably not going to convince me.... We won't change each other's minds, but I'm hoping we can find one area of common ground, and that is that, if the government is going to allow for private sector involvement in these projects, would you not agree that risk and reward should go together? In other words, if the Canada Infrastructure Bank is going to operate in such a way as to guarantee financing to provide a backstop on the loans or lower borrowing costs to the benefit of corporations of private sector involvement in that, surely the risks should go with the reward. If we're going to allow these companies to earn profits off public infrastructure, they should bear the risk that comes along with that.

● (1615)

**Mr. Dylan Penner:** The problem is that they don't. What happens is the private sector gets the reward, and the communities bear the risk. What we've seen in our fundamentally unjust system is that, just to look at the pandemic, billionaires have gained \$3.9 trillion, and workers have lost \$3.7 trillion globally during the pandemic, and this historic transfer of wealth to the 1% is an indictment of this neo-liberal model that privatization is a key part of. More privatization isn't building back better; it's just building back more of the same that got us into these problems in the first place.

**Hon. Andrew Scheer:** You and I will absolutely agree that the current Liberal government is certainly allowing a certain class of Canadian to benefit off the pandemic, and when you look at some of the information coming out of the Bank of Canada and where some of asset growth has been.... But we're kind of talking narrowly about the CIB, the Canada Infrastructure Bank, and its model. Again, I know you and I aren't going to agree on the fundamental principle of whether or not private sector corporations should be able to participate in these types of projects, but I'm hoping that you and I can agree that, even though we come from different perspectives philosophically, at the very least, if you're going to allow profits to be made on large-scale public infrastructure, the risks should come with that. The business model where the Canada Infrastructure Bank underwrites these types of projects, assuming the risks for taxpayers while guaranteeing profits for private sector.... In other words, if the private sector knows that, at the end of the day, the bank, and therefore Canadian taxpayers, will be on the hook, I'm hoping that you and I can find that common ground. Even though we might start from different philosophical positions, we might agree that, at the very least, risk and reward should go together.

**Mr. Dylan Penner:** I don't agree with the premise that the CIB continuing down the road of privatization and P3s is a foregone conclusion. When the idea was originally announced, it was rooted in public financing, and it could and should be again, as some of the evidence I shared today has highlighted, and there's plenty more out there from many reputable organizations. The Canadian Centre for Policy Alternatives has written in depth on this as well as the auditors general that I mentioned. We need to go in a different direction and not put communities on the hook for these problematic privatized projects.

**Hon. Andrew Scheer:** Thank you very much.

Maybe I'll go back to Mr. Bain, then.

In your experience, based on the conversations you've had with your partners, your members and the people who you represent and work with, what has been the effect of the various lenses that the government has put into the infrastructure bank? When you look at a business model where they originally proposed that the bank was going to take on the risks of this financing, they were going to provide either reduced rates of borrowing or loan guarantees, that type of thing. You would imagine that the corporations would be tripping over themselves to take that deal—"Hey, if the government wants to assume all the risk, why not participate in this?"—and yet we just haven't seen that uptake. Only a handful of projects are even up on the government's website in terms of projects, even at the conception stage. I've heard feedback from various stakeholders that, in some cases, the various lenses that have been applied skew and filter out some of the projects that could perhaps be undertaken but don't meet the current criteria of this government. Can you speak to that at all?

**Mr. Derron Bain:** My understanding was that with the initial establishment of the CIB in 2017 there was a very strict filter and mandate around the projects and sectors it could invest in. But over time, and specifically through the growth plan announcement in October 2020, that mandate has perhaps broadened a little. In many cases the devil's in the details here. You have a series of project commitments the CIB has made that are only commitments around memorandums of understanding. It's very difficult at that stage to assess the success and the specific model in the financing approach of the CIB on the basis of an MOU.

Their ultimate measure, at the end of the day, is going to be the two-times multiple of CIB capital. To date, in the 10 or so projects that have been committed to, I don't see a measure of that two-times multiple of the CIB commitment. But, again, we have to recognize that these projects are in the development stage, the MOU stage, and perhaps over time those details will become apparent.

● (1620)

**Hon. Andrew Scheer:** Hope springs eternal, I suppose.

**The Chair:** Thank you, Mr. Scheer and Mr. Bain.

We're now going to move on to our next questioner. We're going to have Mr. Rogers from the Liberal Party for five minutes.

**Mr. Churence Rogers (Bonavista—Burin—Trinity, Lib.):** Thanks, Chair.

Thank you to our witnesses today. We've seen very different perspectives on how we build infrastructure coming from both sides.

In my involvement in the municipal sector, as a board member of the Federation of Canadian Municipalities, I saw many discussions about P3 projects versus public funds for building infrastructure across the country.

Mr. Bain, what do you see as the major barriers today in getting infrastructure projects financed or funded?

**Mr. Derron Bain:** As I alluded to in one of my recommendations, I think at the federal level it is around having an entity, an agency, mandated with the overall identification and coordination of major federal infrastructure projects. I think if you had that in place, that might generate significantly more opportunities than we're seeing today. It might also generate those types of opportunities that might lead directly to private-sector investment in infrastructure. It will help them meet that primary mandate of leveraging private-sector capital.

If you look at several of the recent major federal infrastructure projects, whether the CSEC facility in 2010, RCMP E Division Headquarters in B.C. in 2010, Iqaluit International Airport in 2013, the Champlain Bridge in 2015 or the Gordie Howe Bridge in 2016, each of those projects rely significantly on both federal and private-sector finance and investment. The only one on that list that's not truly a federal project, although the federal government provided significant financing to that project, is the Iqaluit airport, for obvious reasons.

**Mr. Churence Rogers:** Thank you, Mr. Bain.

The Government of Canada is already investing in thousands of projects across the country, some large, some small, through the investing in Canada infrastructure program. In your opinion, what creative ways are there to make the most out of taxpayers' dollars?

Mr. Penner or Mr. Bain, I'd like both of you to comment on that, and particularly on the growth strategy, which is broadband. Broadband would not be happening in rural Newfoundland and Labrador and rural Canada without the support of the Government of Canada. That's where we've been investing major infrastructure dollars. Unlike Mr. Scheer who wanted to cut \$18 billion, we've decided to invest in and support rural Canada.

**Mr. Dylan Penner:** I think the simple answer, in terms of how to make the most of public funds for infrastructure spending, is to stop engaging in P3s and privatization. As I outlined earlier, P3s and privatized projects cost billions of dollars more. If you want to save money, stop doing it.

**Mr. Derron Bain:** I would say on that point that the government has to reflect on its financial and fiscal position, particularly given the challenges we've just faced in the last 11 months with COVID-19, and whether it has the capacity on its own to invest in and deliver the public infrastructure that the country requires and that we are actually going to require in terms of improving long-term job prosperity, productivity and growth in our economy. I think there is a role for both, and given the situation we're in, private sector investment is going to be extremely important.

With respect to rural investment, it is absolutely critical, whether that's rural Newfoundland or rural Ontario or whether it's in Canada's north. These are areas of the country that have, in many cases, faced underinvestment in infrastructure over the last number of years, over the last decades, and addressing those deficiencies is critical moving forward.

• (1625)

**Mr. Churence Rogers:** The CIB has laid out several priority investment areas.

Mr. Penner or Mr. Bain, or both, from your perspective, which areas do you think are most important and most promising? When we look at transit, clean power, broadband, trade and transport, and green infrastructure, what area do you consider to be the most important?

**The Chair:** Mr. Rogers, was that for Mr. Bain or Mr. Penner?

**Mr. Churence Rogers:** It is for both, for comment.

**The Chair:** I'll go to one, quickly, because we're out of time here.

**Mr. Derron Bain:** Quickly, if you're asking my personal opinion, I would advocate for trade and transportation, given its impact on the country's economy going forward.

**The Chair:** Thank you.

We'll now move on to the Bloc.

Mr. Barsalou-Duval, the floor is yours for two and a half minutes.

[*Translation*]

**Mr. Xavier Barsalou-Duval:** Thank you, Mr. Chair. I will address Mr. Bain again.

Mr. Bain, you told us earlier about your experience, your expertise and your love of P3s. I understand that you see many business opportunities there. However, do you think there is a limit to the private sector's participation in infrastructure projects? Are there any projects the private sector should not participate in or for which the private sector's participation would not be in the public interest?

[*English*]

**Mr. Derron Bain:** I'm just trying to digest the question and put together a response.

Certainly in terms of the projects I have been involved in, it has been key that the private sector has been responsible for the delivery, the construction, the financing and the building management of the infrastructure. It has not moved into the operations of the public services that occur within those facilities.

From my personal perspective, that's an important delineation, whether it's a hospital P3 such as the B.C. Children's and B.C. Women's hospitals or whether it's a school in Saskatchewan or Alberta. We are not encroaching on the public services that are being delivered, rightly so, by the governments in those facilities.

[Translation]

**Mr. Xavier Barsalou-Duval:** I was asking whether there is a limit, whether there are infrastructure projects for which the private sector's participation is not relevant.

[English]

**Mr. Derron Bain:** I'm not sure that it's a simple response that there's a certain class of projects for which it's not appropriate for the private sector to participate in. I think that was one of the reasons for the establishment of the CIB, to help support those projects that otherwise might not be supported by the private sector.

[Translation]

**Mr. Xavier Barsalou-Duval:** I have one last question for you.

How much profit have you personally managed to make from P3s?

[English]

**Mr. Derron Bain:** How much have I personally made? I have personally made none, other than my salary.

**The Chair:** Thank you, Mr. Bain; and thank you, Mr. Barsalou-Duval.

We're now going to move on to our next questioner. We have Mr. Bachrach, from the NDP, for two and a half minutes.

Mr. Bachrach, the floor is yours.

**Mr. Taylor Bachrach:** Thank you, Mr. Chair.

I think the conversation in which we all come together in agreement is about the objective, when we build infrastructure, being to maximize value for the Canadian people.

Value can be measured many ways. Much of this discussion has been about monetary value and trying to get the best bang for the buck, so to speak. Of course, though, there are many other things that we value, some of which are more difficult to put a price on.

I'd like to ask Mr. Penner to talk about the ability of P3s—or the lack of ability of P3 projects—to account for some of those non-monetary social, community and environmental values that are also important, when we look at the overall picture.

• (1630)

**Mr. Dylan Penner:** Well, in my primary area of work around the climate crisis I think about this quite a bit. We've had decades of delay and inaction at the federal level in the face of the climate crisis. It happens in the context of the CIB looking at P3s and privatization, when the P3 and privatization projects that come along with them take so much longer at a time when the urgency of the climate crisis just doesn't allow us to take as long as we feel we want to take. We really need, then, to be talking about the opportunity cost and the opportunities lost by engaging in P3s for infrastructure instead of in public financing as part of the way we tackle the climate crisis.

**Mr. Taylor Bachrach:** Mr. Penner, why do you think the current federal government is so preoccupied with attracting private capital and pursuing P3 projects as a way of delivering infrastructure?

**Mr. Dylan Penner:** It gets back to what I was talking about earlier concerning the general support for neo-liberal economics. Pri-

vatization is part of it, as are deregulation and free trade, and all of these together have led to the climate crisis, the economic inequality we're facing, the inequalities of race and the various intersecting crises we're facing. I think we need to go down a very different road, because we can't solve the problems we're facing with the same approaches that caused the problems we're facing.

**The Chair:** Thank you, Mr. Penner, and thank you, Mr. Bachrach.

We're now going to move on to the Conservatives.

Mr. Soroka, you have the floor for five minutes.

**Mr. Gerald Soroka (Yellowhead, CPC):** Thank you, Mr. Chair.

My first question is to Mr. Bain.

During your presentation you used the expression that the CIB is crowding out opportunity. Could you explain what you meant by that?

**Mr. Derron Bain:** What I'm suggesting is that there are, on the face of it from my perspective, some commitments.... Or maybe more specifically, when you look at appendix I of their corporate plan, where they lay out the models they intend to invest in, they are clearly suggesting that they're going to invest in what we call DBFM, or design-build-finance-maintain. This is generally referred to as the P3 model. They specifically have suggested that they would not be impacting or crowding out the investment that has traditionally gone into those models and those projects, but here is a clear suggestion that they are doing so

The other project, which I question myself, is the GO Expansion - On Corridor project. From my perspective, that project was proceeding under the Ontario government as a DBFM project, and only after the fact did CIB appear to come in and commit to providing funding to the project.

That was an example to me of a project that was proceeding as a DBFM P3 project here in Ontario under the Infrastructure Ontario model, with which I happen to be very familiar, given that I was previously at Infrastructure Ontario. It again is an example of the CIB perhaps not needing to commit to the project to meet the objectives it has laid out in its mandate.

**Mr. Gerald Soroka:** Thank you, Mr. Chair.

I'll go to Mr. Bain again. I have to ask the question. Underneath the CIB, basically all the risk is removed for the contractor and it's all assumed by the taxpayer. Why has there not been so much private sector uptake on the CIB?

• (1635)

**Mr. Derron Bain:** At this juncture, as I previously responded, I think in some respects it's a little unfair to make that assertion or come to that conclusion at this point in time. Many of the projects that they've announced or committed to are in the MOU or advisory phase. It's unclear whether, or to what degree those projects will eventually attract private sector capital. I can't really speculate or judge.

**Mr. Gerald Soroka:** I'll just interject there a bit. The fund has been operating for a few years already and we're still at that phase where they're not committed to it yet. That's why I'm kind of concerned that there hasn't been the uptake.

**Mr. Derron Bain:** I'm not sure it's an issue of uptake as much as it's an issue of the status or stage that these projects are in and how advanced the development of the projects are at this juncture.

**Mr. Gerald Soroka:** I'll jump to Mr. Penner for one question.

Do you believe there is a single P3 out there that would work, or not?

**Mr. Dylan Penner:** You can cherry-pick from any set of examples on any issue. The evidence is clear that, on the whole, these projects cost more, deliver less and remove democratic control.

**Mr. Gerald Soroka:** I am a former mayor as well.

One of the things that we always tried to do was get P3s, but it was very unsuccessful. We always tendered projects out, yet the people would go and say to us that we should have partnered up because we could have gotten a better price for the project if we had only done that.

You're saying that's completely false.

**Mr. Dylan Penner:** I think the Auditor Generals in B.C. and Ontario have been clear on this point. The evidence is there.

**Mr. Gerald Soroka:** Okay.

Mr. Bain, do you believe that the CIB will have any positive effects on helping bring back the economy in the COVID crisis that we're in?

**Mr. Derron Bain:** Absolutely.

Insofar as it's able to advance and deliver infrastructure projects or have these projects advance to the market and be built, it certainly will have an impact. It's about jobs.

Obviously, how long these projects take to get to the point of shovels in the ground is an important consideration, but insofar as they do that, it's going to lead to jobs. It's going to lead to improved productivity and ultimately economic growth for the country. It's critical in terms of those priorities and objectives.

I think the consideration is really around timing here. It's maybe a little bit naive to think that these major projects, given the stage they're in, are going to have any immediate impact in six to 12 months. If we're talking 12 to 18 months, then in the medium term, I think that's a reasonable assumption.

**The Chair:** Thank you, Mr. Bain and Mr. Soroka.

We're now going to move on to the Liberals with Ms. Jaczek.

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

**Ms. Helena Jaczek (Markham—Stouffville, Lib.):** Thank you, Chair.

Thank you to both our witnesses. Certainly you've given us a lot to think about.

Mr. Bain, Mr. Penner seems to use P3s and privatization almost interchangeably. Is there anything that is in the Canada Infrastructure Bank that specifically mandates privatization in its pilot projects or the projects that have been proposed to date?

**Mr. Derron Bain:** From my review—and it was a fairly detailed review over the last number of days preparing for the committee—I've seen no reference or mention that the mandate of the CIB is privatization.

**Ms. Helena Jaczek:** In your experience, Mr. Bain, you mentioned that a number of your P3s, through Concert Infrastructure, constructed schools in B.C. Presumably, they're all in public ownership.

**Mr. Derron Bain:** Yes.

Just to correct you, it was not schools in B.C., but two bundles of schools in Alberta and two bundles of schools in Saskatchewan. They were all publicly owned.

**Ms. Helena Jaczek:** How could one assure Mr. Penner that public ownership is maintained within the structure of P3s? Would it depend on the amount of capital from each party that would determine who has ownership? I've heard of some situations where there is some privatization originally, but it reverts to public ownership after a number of years. Could you describe a number of different models?

• (1640)

**Mr. Derron Bain:** Sure. I think the majority of these P3 models in Canada are delivered on the basis of the various governments granting the private sector consortiums licences to the sites and the facility to carry out the scope of work for which they're responsible. Legal ownership of the land and of the buildings resides with the government, and that's clearly spelled out.

The other consideration is, as I laid out previously, around where you delineate the scope and the responsibility within these facilities or the projects. We are not, in any of the P3s that Concert Infrastructure is involved in, responsible for the delivery of public services. We're responsible for building, financing and maintaining the facilities. The government retains, as I said, ownership of the land, the building, and responsibility for those critical public services that are supported by the P3 facilities.

**Ms. Helena Jaczek:** The growth plan of the Canada Infrastructure Bank has specified broadband, some \$2 billion. I'm on the industry, science and technology committee and we've just concluded a study on the accessibility and affordability of broadband across Canada. I think one thing that is so striking is that there are so many players involved in ensuring that the whole of Canada is connected and particularly complex issues related to broadband in the north and rural areas. Do you think that the Canada Infrastructure Bank can play a significant role in bringing the parties together in order to ensure that projects get delivered?

**Mr. Derron Bain:** I would say, first, I am not an expert in broadband and it's not been a sector or project focus of Concert to date. Really, I think you would have to look to somebody with a little bit more experience in that sector to respond to that question.

**Ms. Helena Jaczek:** Perhaps I'll ask Mr. Penner if he has any insight into the delivery of broadband.

**Mr. Dylan Penner:** I'm not an expert on broadband either, but it gets back to the general point of publicly built and operated projects being more cost-effective and better for communities.

**Ms. Helena Jaczek:** It looks like our study is going to be very valuable, the one that we're doing at industry, science and technology. There is, at the Canada Infrastructure Bank, something called the project acceleration sector.

I'm wondering, Mr. Bain, if you have had a chance to study that. It seems to be an area where there is an intention to bring parties together. Does that sound like a reasonably good idea?

**Mr. Derron Bain:** Absolutely. I think the simple answer is yes, it's a good idea. It's about developing and advancing projects at an early stage such that at some point they're actually viable and can be implemented or become shovel-ready, and I think at this stage, there's probably a couple that fall into that category. You have the New Westminster Rail Bridge in B.C., and I would suggest probably VIA Rail, although it was committed before the project acceleration commitment, it kind of falls into that bucket as well. So it's really about early development of potential infrastructure projects that will have a significant impact on the communities that are involved.

**The Chair:** Thank you, Mr. Bain, and thank you, Ms. Jaczek.

We're now going to move on to our third round, starting off with the Conservatives for five minutes.

Mr. Scheer, you have the floor.

**Hon. Andrew Scheer:** Thank you very much, Mr. Chair.

Again, I just wanted to go back to Mr. Bain.

You spoke about the GO Transit project. Would be a fair description... I don't want to lead the witness, here, but the way you described it, it almost sounds like this was a backfilling project, a project that was already going ahead, that already was likely going to fit under current funding models, and then the announcement was made. Would you agree that it was almost replacing other streams of federal financing? And from your assessment, do you think that displaced potential private sector involvement in that project?

• (1645)

**Mr. Derron Bain:** Based upon the details that I've seen and the timing commitments [*Technical difficulty—Editor*], that's the conclusion I come to. There may be further details that suggest otherwise. From my perspective, and others I know in the industry, that's certainly a perspective.

**Hon. Andrew Scheer:** I know Mr. Rogers made an accusation about the Conservative plan.

I think it's important to highlight that under existing Liberal programs a significant percentage of project funding is being lapsed. They're very good at making the announcements and not so good at following through on them.

I think the CIB is a perfect example of that. This wasn't just a pilot project that was developed. This wasn't just a trial run where they were going to see if they could incubate something and grow it up. This was a marquee announcement. This was the result of very high-level meetings. When you go back and read the media reports about the inception of this bank, you see this was the cream of the cream. These are all the people who get invited to the World Economic Forum. These are people whose cufflinks cost more than my car, probably. They all got together and convinced the Prime Minister that this was going to unleash an avalanche of private sector money into projects.

I understand from your perspective there have been a couple of different resets. They've shuffled the deck a couple of times with different personnel. They have rejiggered their mandate and done almost a complete overhaul. I understand where you might want to say, well, perhaps this will bear fruit.

Given that this wasn't just a trial run, this was supposed to be set up to accomplish a very measurable.... You used the term "two-times" investment, that the threshold for success.... They said they were going to double the private sector investment in relation to public money. They haven't done that. I understand where you might want to reserve judgment until this current plan....

Would you say it's fair to say that up until this point it has completely failed in its objectives?

**Mr. Derron Bain:** I wouldn't necessarily conclude that it has failed in its objectives. Is it delayed in its objectives? I think that's probably fair.

As they lay out...for themselves in their corporate plan, there are very objective measures in terms of performance. I think it's important that government and Canadians hold the organization to account for its performance against those objectives.

As I've also suggested, I think there is a gestation period for major infrastructure projects. You just don't flip the switch on and suddenly the shovels are in the ground. These take time to plan, lay out and procure.

There is a reasonable period of time that one might assume that would take. If you look at other procurement agencies around the country, you see it certainly didn't take Partnerships B.C. or Infrastructure Ontario three years to advance major infrastructure projects to shovel-ready.

**Hon. Andrew Scheer:** Just to be very clear so I understand, are you saying it took less time or more time?

**Mr. Derron Bain:** Sorry, it took less time.

**Hon. Andrew Scheer:** It took less time. Okay, that's fair enough.

You are right. Nobody expects that announcements are made and then within a week or two something is up and operational.

I can certainly point to the P3 model that I'm most familiar with, and that is for the overpasses built as part of the Regina bypass in my home riding. I have the information here. The RFP, the request for proposals, was August 2014. The contract was signed in July 2015. The first phase was completed in 2017, two years from the contract being signed. The full project was completed in 2019. We're looking at a four-year timeline from contract being signed to being completed.

We're coming up on the four-year mark here, and there's no evidence that we're going to hit any of those project completions in the short term.

**The Chair:** Thank you, Mr. Scheer.

Thank you, Mr. Bain.

We're now going to move on to Mr. El-Khoury for the Liberals. You have five minutes. The floor is yours.

[Translation]

**Mr. Fayçal El-Khoury (Laval—Les Îles, Lib.):** Thank you, Mr. Chair.

I welcome our guests.

My first question is for Mr. Penner.

The Canada Infrastructure Bank is currently working with the Government of Quebec to expand major infrastructure projects, such as the REM, in Montreal, which will create good jobs and contribute to reducing greenhouse gas emissions.

How can the Canada Infrastructure Bank and Quebec collaborate to help combat global warming?

• (1650)

[English]

**Mr. Dylan Penner:** For those of us who are concerned about the climate crisis, and acting urgently on it, the model the CIB is engaging in is contradictory to those aims, because of the increased costs. There is also the likelihood that it will create fewer jobs, because of the length of the projects. I'll leave it at that for now.

[Translation]

**Mr. Fayçal El-Khoury:** My second question is for Mr. Bain.

How can Canada attract more investments to launch more infrastructure projects during this period of economic recovery?

Do you feel it is now time to make budget cuts like the ones we have previously seen, totalling more than \$19 billion?

Could I get your opinion on this?

[English]

**Mr. Derron Bain:** As I've laid out, investment in infrastructure is critical to a strong performing economy and economic growth, whether it's the jobs it creates or the efficiency and productivity that result from that infrastructure. It's absolutely important, at this stage, to continue forward with those commitments.

With respect to the question around attracting capital for investment, the point I've been trying to make is that there is plentiful Canadian capital ready and available to invest in Canadian infrastructure. Whether that's capital that Concert brings, through our 10 B.C.-based union and management pension plans, whether it's competitors, or whether it's other Canadian pension plans, there is capital within the country to invest in our infrastructure. It's proven and efficient capital.

[Translation]

**Mr. Fayçal El-Khoury:** Mr. Bain, it is clear that Canada has an infrastructure deficit.

Can you tell us how we could start addressing that critical deficit?

What kind of infrastructure should be prioritized in terms of investment right now?

[English]

**Mr. Derron Bain:** We've touched on these issues in previous questions, but my best suggestion around increasing infrastructure investment is to mandate the CIB to have a responsibility and leadership over the federal government's own infrastructure and capital projects or commitments it's making within its own domain. To me, that's an immediate opportunity to advance and improve infrastructure delivery at the federal level.

There was a second part to the question in terms of priorities. We could debate the priorities. Whether it's first nations, green energy, or trade and transportation, they all contribute to a more productive economy and job growth.

It becomes a matter of values and preference more than anything. Given the infrastructure deficit we face in Canada, we have needs across all of those sectors.

**The Chair:** Thank you.

We're now going to move on to the third round of questioning.

Mr. Barsalou-Duval, you have two and half minutes.

[Translation]

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

My question will be for Mr. Penner.

When I went over the Canada Infrastructure Bank's annual report, I was surprised to see there was no information on the salaries of executives or on the bonuses paid out. After all, public money is invested in the Canada Infrastructure Bank. In addition, the departure of the Infrastructure Bank's former CEO made headlines when we learned he had received a bonus, the amount of which the bank refused to disclose, while he was earning an annual salary of about \$600,000.

Do you think this constitutes a lack of transparency by the Canada Infrastructure Bank? For comparison's sake, if I read the annual report of any other of Canada's major banks, which are private companies, I can see all that information.

● (1655)

[English]

**Mr. Dylan Penner:** I haven't read that report myself, but that does sound troubling. It just also sounds emblematic of the kind of lesser transparency we see when we go down the road of privatization and P3s, and that's one of the fundamental reasons to oppose them.

[Translation]

**Mr. Xavier Barsalou-Duval:** Thank you, Mr. Penner.

I have another question for you. References are being made to the fact that businesses interested in investing in infrastructure projects are seeking returns of 7% to 8%, which are high returns for a portfolio, you will agree.

Yet the government, when it seeks investments, obtains returns that are often lower, but the borrowing rate is much lower than this.

How can the supposed effectiveness of the private sector compensate for the difference in return, while the government often borrows at rates of 1%, 2%, 3%? There is a large gap between the two. How can we find a way to benefit?

[English]

**The Chair:** Mr. Barsalou-Duval, was that a question for Mr. Penner or Mr. Bain?

[Translation]

**Mr. Xavier Barsalou-Duval:** My question could be for either of the two witnesses, but Mr. Penner can answer it.

[English]

**Mr. Dylan Penner:** I can start. I think that does get to a fundamental problem where the lower lending rates of the Canadian government don't necessarily mean there's less efficiency. As I talked about earlier, these P3 projects actually take much longer and they're therefore less efficient to do. It just highlights again why public financing is the better route to go.

**The Chair:** Thank you, Mr. Penner.

Mr. Bain, do you want to comment on that?

**Mr. Derron Bain:** I would just say that at this point in time, sure, the government can borrow at 1.5% or whatever rate, but that rate won't hold forever. I think it's reasonable to assume that the rate goes up.

At the end of the day, this is about risk premium and the value, whether in cost efficiency or schedule, that the private sector is able to deliver in respect of the infrastructure projects.

**The Chair:** Thank you, Mr. Bain, Mr. Penner and Mr. Barsalou-Duval.

We're now going to move on to our next set of questions, from the NDP.

Mr. Bachrach, the floor is yours for two and half minutes.

**Mr. Taylor Bachrach:** Thank you, Mr. Chair.

Mr. Penner, we had a really interesting question earlier from Ms. Jaczek about projects that aren't necessarily fully P3 models, in that the ownership doesn't transfer over to the private sector. However, we've seen lots of projects where they're set up using the P3 model somewhere along that spectrum. Schools are a good example.

I know the auditors general have looked at the examples of schools that have been constructed as P3s. I wonder if you're familiar with some of those examples and if you could talk about the pitfalls they've experienced.

**Mr. Dylan Penner:** Yes. Just to give you a quick example, Nova Scotia reviewed 39 P3 schools in 2010. That review revealed that "the terms of service contracts are not adequate to ensure public interest is protected". They also claim there is no child abuse registry or criminal record check of subcontractors. It just highlights that, regardless what sector we're looking at, P3s are plagued with problems.

**Mr. Taylor Bachrach:** I find this question about value for money a very interesting one, and Mr. Barsalou-Duval's previous question about the fact that the government can access more affordable financing than the private sector can.

I often think of these questions in terms of how I can explain this to my 13-year-old daughter.

Mr. Bain, could you explain why the government should use more expensive money to build these projects? We clearly have auditors general who say these projects take longer and cost more. What is the core of the argument for the P3 model?

● (1700)

**Mr. Derron Bain:** Insofar as we have auditors general who say it's more expensive, we have others who have proven that it's more effective and efficient. Again, it's really around the risk premium and assumptions that governments make around the risk of delivering these projects, whether it's delay in development of the projects, delay in approvals of the projects, or whether it's risks of construction delay that they would assume under a traditional model of delivery. When you account for those in the P3 model, that represents the transferred risk, and that represents the premium that you are presumably paying for the infrastructure.

**Mr. Taylor Bachrach:** That is exactly what I think a lot of people have trouble understanding, this concept of a risk premium.

**The Chair:** Thank you, Mr. Bachrach.

**Mr. Taylor Bachrach:** When we have the auditors general saying that these projects take longer and cost more, that explanation needs to be unpacked significantly.

Thank you, Mr. Chair, and back to you.

**The Chair:** Thank you. We're now going to move on to our next set of questions from the Conservative party. We have Mr. Kram.

Mr. Kram, you have the floor for five minutes.

**Mr. Michael Kram (Regina—Wascana, CPC):** Thank you, Mr. Chair.

Thank you to our witnesses for joining us today.

My questions are for Mr. Bain. I think it's important for people to understand that P3s are not just a catchphrase. Public-Private Partnerships Canada used to be an actual federal government Crown corporation. It was wound down a few years ago and more or less and replaced by the Canada Infrastructure Bank.

From the perspective of Concert's day-to-day operations, can you speak to some of the key differences between the old Public-Private Partnerships Crown corporation and the new Canada Infrastructure Bank?

**Mr. Derron Bain:** Sure. I think the most obvious difference is the P3 assessment screen, which I've referred to previously. P3 Canada or PPP Canada had that screen in place prior to 2015 for any federal infrastructure project investment that was greater than \$100 million, so those potential projects had to be screened for delivery through the P3 model, and, as I've laid out, it led to the five federal projects that I referenced previously. By my count, at least 13 major municipal infrastructure projects such as the Regina wastewater treatment plant, the Regina bypass, the Saskatoon civic op centre, among others.... As for that screen, to me, if your objective is to leverage private sector investment, that screen was pretty successful in doing that.

**Mr. Michael Kram:** Can you speak to what those screen implications are to project timelines?

**Mr. Derron Bain:** I wasn't personally involved in applying the screen and how that worked, so I don't think I could specifically comment on what the impact of timelines would be.

**Mr. Michael Kram:** Okay, fair enough. I've been to Concert's website, and your organization has had a great deal of experience with building housing infrastructure. I would imagine that, if your organization wants to build a housing project, it must be a tremendous amount of work to coordinate with the provincial governments of B.C. or Ontario or with different municipalities. From your perspective and from the perspective of Concert, what can be done to streamline government processes and get housing projects and other projects built faster, better and more quickly?

**Mr. Derron Bain:** That's a great question. Just to be clear, at Concert there are two separate organizations. One is Concert realty corporation, the other is Concert Infrastructure. I am responsible for the leadership of Concert Infrastructure, so I don't have direct involvement in the real estate company and those projects. Having said that, certainly, whether it's affordable housing, whether it's transit-oriented development opportunities in Toronto or Vancouver,

as an example, there is an intersection of infrastructure and real estate.

I think what's probably critical in these types of projects and opportunities, specifically transit-oriented development where the Government of Ontario is trying to deliver a significant subway program but also realize value in the delivery of real estate or condominiums over top of subway stations where the development approval is the responsibility of municipalities, there needs to be stronger coordination and alignment amongst the levels of government as to the overall objectives of these projects and opportunities, because there is a direct conflict in terms of what the municipality wants to see delivered versus, say, the province or the federal government, potentially. Approvals and development coordination is critical.

● (1705)

**Mr. Michael Kram:** With respect to the second recommendation from your opening statement, that the Canada Infrastructure Bank should take a leadership role in identifying infrastructure projects, it would seem to me that infrastructure projects should be driven from the bottom up and not the top down. If the Canada Infrastructure Bank were to take more of a leadership role, can you speak to some of the best practices that should be in place to make sure that local stakeholder interests are still heard, and that we don't get into an "Ottawa knows best" approach?

**Mr. Derron Bain:** I think one of the key distinctions to draw here is that in each of the projects the CIB has committed to, they are not ultimately responsible for the procurement, the construction, the delivery of that infrastructure. They are strictly providing funding and financing to those projects, and in some cases, advisory support.

I'm advocating with my second recommendation that the CIB be given a leadership role in the federal government's own infrastructure. Again, whether that is RCMP detachments, first nations housing or other building infrastructure, a huge portfolio of federal infrastructure goes uncoordinated, and it's the responsibility of each individual department to see delivered. I question whether that's the most efficient, effective way to deliver that infrastructure, and I question whether that way of delivering federal infrastructure leverages the opportunity for private sector investment.

**The Chair:** Thank you, Mr. Bain and Mr. Kram.

We're now going to move on to the Liberals for five minutes. Mr. Fillmore, you have the floor.

**Mr. Andy Fillmore (Halifax, Lib.):** Thank you, Chair.

Thank you to the witnesses for their testimony tonight.

Just off the top, I want to clarify. The timelines of P3 projects of this scale—Mr. Bain is quite right. They're enormous projects with very long planning and construction horizons. I worked on Boston's Big Dig as a city planner many years ago, and that was a project fully 30 years from inception to completion. We have to allow these projects to take the time they need.

Asking whether a P3 agreement is good is like asking how long is a piece of string. It's all about the way they're crafted and I think early on in the P3 experience some were crafted less well than others and now they're quite sophisticated in protecting the public interest.

This government is involved in a \$180-billion infrastructure investment program that is based on cost-sharing with provinces and municipalities, but we know that cost-sharing is not always within reach of municipalities and organizations that need infrastructure built, especially now in the pandemic, where municipalities have been impoverished. More than ever, the additional \$35 billion from the Infrastructure Bank is important.

Today, I spoke to a rural transit provider, a company interested in clean power in the north and the Canadian Nurses Association, which is interested in broadband across the country for telehealth so everybody can access it. In each of those three cases: transit for people who need help getting around, clean power in the north and telehealth, there was not sufficient money available to build those things without things like the Infrastructure Bank.

Mr. Penner, when I look at your bio, you're fighting for a livable climate, a just transition, indigenous rights. That's exactly what we're doing here. We are making vast sums of money available so people can get the infrastructure they need in the communities, at a time in a pandemic when municipalities are impoverished, for projects that otherwise will go undone. It seems to me you agree with Mr. Scheer's position, which is that we should be slashing about \$18 billion from an infrastructure program at a time when Canadians need it the most.

Mr. Bain, with the pandemic, with municipalities impoverished, with the climate emergency, does this seem like the right time to be talking about removing funding from communities through infrastructure investment?

• (1710)

**Mr. Derron Bain:** As I think I laid out in my opening comments, certainly from Concert Infrastructure's perspective, investment in infrastructure is critical and important. I think I did state that we certainly support the government's \$180-billion commitment. I think you're right to point out that today we're really talking about \$35 billion of that commitment, which is specifically focused around the CIB. That leaves a significant chunk of change that will support more traditional infrastructure investment, including the smaller projects you've referenced.

As I've laid out a number of times, I think infrastructure as a stimulus in the short term is a challenge. Delivery of our infrastructure is not fast and it's not cheap, but it's powerful. It's powerful in the medium term with respect to supporting economic growth, creating jobs, enhancing our productivity and ultimately providing the

core public services that are supported by those buildings or the infrastructure that we are able to deliver.

**Mr. Andy Fillmore:** Mr. Bain, do you have any advice for committee members on any changes, perhaps, or improvements or mechanisms the CIB should put in place or have in place to ensure the public interest is protected?

As you know, I was talking about how sophisticated P3 agreements are now compared to what they used to be. Do you have any advice on how we can make sure that taxpayers' interests are protected?

**Mr. Derron Bain:** Again, I think you have to recognize my earlier comment around the fact that the CIB itself is not ultimately responsible for the delivery of these projects, right? They're relying on their partners, whether they be provincial or municipal, for the actual procurement and delivery of the projects. Presumably, it's those entities that are ultimately responsible for the contracts and the project documents.

Having said that, I would say there are a lot of examples. Again, as you have alluded to, within Canada, we're now probably 20 years on from the Nova Scotia P3 schools. We've certainly advanced our thinking, our approaches and our contracts. That said, you could look to the Government of British Columbia today, which is ensuring that there are community benefit agreements and provisions included in their infrastructure contracts.

It's absolutely a matter of priority and interest in terms of what those protections are that you're seeking, but there certainly are mechanisms available. There are a lot of precedents for ensuring the public interest ultimately is protected through the delivery of these projects.

**The Chair:** Thank you, Mr. Bain.

Thank you, Mr. Fillmore.

We're now going to move on to our fourth round, starting off with the Conservatives for five minutes.

Mr. Scheer, the floor is yours.

**Hon. Andrew Scheer:** Thank you very much.

It's the second time I've heard a Liberal try to make that point. Just for the record, it's the current Liberal government that has seen billions of dollars lapse. I know they like to make accusations of cuts, but it's our party that has a record of delivering on infrastructure. The current government has allowed billions of dollars' worth of infrastructure spending to lapse—that means to not be spent. I think the Infrastructure Bank is the perfect example of that, because it was launched with \$35 billion and has completed zero projects. I think this is the context in which this study is being conducted.

The study is supposed to get at the root of the problem. Why has this bank proven to be so ineffective, and what can we do advise the government? For any viewers watching this, for Canadians at home who are tuning into this, it's very important to understand this. From internal audits at the infrastructure department to the Parliamentary Budget Officer to—soon—an Auditor General's report, we see that it's the current programs that have been so incapable of getting money out the door and getting projects built.

I want to go back to something Mr. Penner has said repeatedly. In his opinion, are there ever examples of government wasting money?

• (1715)

**Mr. Dylan Penner:** I was saying that I think it gets back to community needs and accountability. It's not just about the financing, but about whether people in communities have recourse to the projects that affect their lives.

If you look at the transit example that was raised earlier, you can see that entire communities in the west have been abandoned with Greyhound and the Saskatchewan Transportation Corporation shutting down operations because, as they claimed, they were no longer profitable.

They've entirely lost access to those services, which is a critically important point. People need access to these services, and to have that, they need to be public.

**Hon. Andrew Scheer:** I'm sure we can both agree that governments have limited resources.

Would you agree with that?

**Mr. Dylan Penner:** I think what the pandemic has made clear is that the federal government is in a position and has spent a fair amount on urgent needs, but what is partly—

**Hon. Andrew Scheer:** It's not infinite. I've checked, believe me. There's no money tree behind the Parliament Buildings that you can just shake every time you need some money.

Would you agree that there is a limit to the resources in any given fiscal year?

We can have a debate about what that limit might be, but it's not infinite.

**Mr. Dylan Penner:** Regardless, there is a question of what is a wise investment and what is not. The evidence is that P3s are not.

**Hon. Andrew Scheer:** My question though is this. Do you believe there are examples of government wasting money?

**Mr. Dylan Penner:** Well, I'm sure there are, the point being that if it's a public program, then governments can be held to account. However, there are far fewer mechanisms to do so with private corporations.

**Hon. Andrew Scheer:** Well, I'm glad you agree. Listening to your testimony, I think you have this faith in government, that government is always and everywhere capable of doing anything better than anybody else. I think the record...if you look at various departments and if you look at Auditor General's reports, parliamentary budget reports and internal audits, there's a lot of things that gov-

ernment doesn't do very well. I'm glad we can agree that governments waste money.

Do you believe that government can provide inferior services?

Do you think all governments everywhere provide better services, that there are never any shortfalls in terms of what a government aims to deliver and the outcomes of that program?

**Mr. Dylan Penner:** Well, I think one good example of that is when the previous Conservative government cut protections for water across the country. That's just one example where—

**Hon. Andrew Scheer:** Are you referring to the Navigable Waters Act?

**Mr. Dylan Penner:** Yes.

**Hon. Andrew Scheer:** Are you referring to the fact that in the Navigable Waters Act, there were all kinds of environmental issues that we ensured, when you are talking about navigable waters, referred to rivers that you could actually navigate? I do remember that debate where the Navigable Waters Act was applied to many different types of bodies of water. I have examples. If you ever come to the wonderful riding of Regina—Qu'Appelle, I can show you spring runoff creeks that were subject to the Navigable Waters Act where there was no ability to ever navigate those bodies of water. We made sure they were adequately and forcefully protected in terms of environmental and watershed regulations. Surely we can agree that if you can't actually navigate a body of water, it might not belong under the Navigable Waters Act.

• (1720)

**Mr. Dylan Penner:** I think it's a bit of an absurd claim that cutting protection to 99% of waterways in Canada is protecting—

**Hon. Andrew Scheer:** It's not environmental protection. We're talking about navigation. We're talking about whether—say in one of the creeks that run through the Qu'Appelle Valley—if you can't navigate a barge or a vessel through it, that maybe the protections that should.... What we did do in terms of raising water quality standards and ensuring that municipalities were held to a higher account in terms of what they emitted into bodies of water.... That's where we focused our attention, making sure that the environmental regulations actually improved the quality of water and the protection of our watershed.

**Mr. Dylan Penner:** Perhaps if your definition of protecting them is protecting the rights of fossil fuel companies to pass pipelines through as many waterways as possible, then yes.

**Hon. Andrew Scheer:** There aren't too many ocean-going tankers going through Qu'Appelle Valley.

**The Chair:** Thank you, Mr. Scheer. Thank you, Mr. Penner.

We're now going to move on to the Liberals for five minutes.

Mr. Rogers, the floor is yours.

**Mr. Churence Rogers:** Thank you, Mr. Chair.

First, before I get to the questions, allow me to quote Alberta Premier Jason Kenney, who called the bank's recent irrigation investment in Alberta:

...a great expression of confidence in the future of agriculture and indeed Alberta's future. It's the first project developed under the Canada Infrastructure Bank's recently announced \$10 billion growth plan. We are proud to be the first project out of the gate.

Here's what else Premier Kenney said:

...this investment today is not just good for jobs in the economy and not just good for farmers and food processors, it's also good for the environment because we're going to be taking open-air irrigation canals and burying them in pipes that will improve water retention and conservation.

I just want to remind Mr. Scheer about the first project that Premier Jason Kenney is applauding.

The question I have for Mr. Bain is the following. The COVID-19 pandemic has impacted all sectors of the economy. In response, the Minister of Infrastructure created the COVID-19 resilience stream, which is already creating hundreds of jobs and supporting critical projects such as hospitals and schools, which are normally provincial in nature.

Mr. Bain, can you speak to ways in which the Canada Infrastructure Bank can help create even more well-paying union jobs during the economic recovery?

Mr. Penner can follow up with a comment afterwards, if he wishes.

**Mr. Derron Bain:** I think it's a very simple answer. Advance projects such that they are shovel-ready. As soon as they are shovel-ready that is how you are going to generate the jobs and employment that the infrastructure can support.

I think you're absolutely right, as we move forward and I think as I've said, if we're talking about a COVID-19 fund that's outside the CIB mandate, I think perhaps that can be delivered and result in those funds moving into the economy or moving to municipalities or provinces much quicker than the 10 or so major projects that we're talking about here with respect to the CIB. As I've spoken to earlier this afternoon, these projects, if advanced to the procurement and the delivery phase, will absolutely have a material impact on jobs and the economy and the productivity of our economy moving forward.

As we are today, you have the Canadian Building Trades Union as recently as today in The Globe and Mail indicating that their construction jobs are currently down about 10% compared to before COVID. That varies depending on what jurisdiction you're in. I think if you're in Alberta or Newfoundland you're obviously seeing the trades and construction work more adversely impacted as a result of the oil and gas downturn. It's maybe less so in some other jurisdictions, but, as of today, the building trades themselves are saying they are about 10% off pre-COVID employment.

**Mr. Dylan Penner:** I think a bigger part of the conversation as well in terms of building a just recovery is while there is an infras-

tructure deficit and there is a need for significant public infrastructure expansion, there is a serious operational crisis. If you look at things like public transit, for example, right now there's a need for at least \$400 million per month that has been identified in terms of supporting operational expenses so that passengers and riders can safely social distance and so on in the middle of this pandemic. We need to be looking at that bigger picture as well.

**Mr. Churence Rogers:** Mr. Bain, you referenced a project that took place in Saskatchewan I believe with the building of 18 schools.

Was that a project that was focused on just raising capital to build these schools and then the province operated them or are these schools being operated by the private sector?

• (1725)

**Mr. Derron Bain:** I'm very familiar with the project, since we delivered it. The project involved the design, build or construction, finance and building maintenance and life cycle of the 18 schools. It's actually nine facilities with two schools per facility. The Saskatchewan model is quite unique in that it brings the public system alongside the Catholic system to deliver education in a joint use facility.

As I laid out I think previously, the delineation of responsibility is really around Concert Infrastructure and our partners making those schools available to the government standard and requirements for the education to take place in those schools as well as the building maintenance and life cycles. We're responsible for maintaining the HVAC system, the landscaping, the grounds around the school. But we have no responsibility for the delivery of education within those facilities. We do not have responsibility for the traditional caretaker or janitorial services that are provided in these public facilities.

**The Chair:** Thank you, Mr. Bain. Thank you, Mr. Rogers.

We're now going to move on to the Bloc.

Mr. Barsalou-Duval, you have two and half minutes.

[Translation]

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

Mr. Penner, in his opening remarks, Mr. Bain seemed to be saying that the Canada Infrastructure Bank could play a leadership or an advisory role with the government on the way it manages its infrastructure. He added that, instead of simply waiting for projects to be proposed to it, it could be more proactive.

Do you think this would be a good idea?

[English]

**Mr. Dylan Penner:** I think it depends on a few considerations, but fundamentally, it gets back to whether or not the CIB's mandate is one of expanding privatization and P3 projects or whether it's a mandate for expansion of public infrastructure. I think it could play a positive role if it is focused on public infrastructure. If it continues to be focused on private, it undermines the needs of people in communities.

[*Translation*]

**Mr. Xavier Barsalou-Duval:** That's sort of what worries me. We are currently seeing that it is the Canada Infrastructure Bank's mandate to find opportunities to privatize our infrastructure.

Wouldn't it be something of a Trojan horse for the Canada Infrastructure Bank to have a mandate to find opportunities to privatize our current infrastructure instead of waiting for projects?

[*English*]

**Mr. Dylan Penner:** That's definitely a concern. It gets back to questions of community accountability as well. If and when the various problems that have plagued P3s and continue to plague them arise in other projects, there is no recourse for local communities in the same way, in terms of holding governments at all levels accountable. These are projects that are operated by private consortiums that can basically ignore public criticism, including local city councils.

[*Translation*]

**Mr. Xavier Barsalou-Duval:** Mr. Bain, earlier, I asked Mr. Penner about compensation policies and the Canada Infrastructure Bank's apparent lack of transparency. I would like to hear your thoughts on that.

As someone who is involved in the private sector, how are you reacting to the fact that public funds are being managed with so little transparency?

• (1730)

[*English*]

**Mr. Derron Bain:** I think I'm drawing on my formal education in public administration as well as having worked for the government. I think I would always advocate for greater transparency, not less, in any of the activities of government or a government agency. I would certainly advocate in support of full transparency on the agreements and the business of government, including its agencies, such as CIB.

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

I'll move on now to Mr. Bachrach.

Mr. Bachrach, you have two and half minutes.

**Mr. Taylor Bachrach:** Thank you, Mr. Chair.

I have a couple of final questions for Mr. Penner. We've talked a little bit about the auditors general and reports of their concerns

about P3s. I wonder if you can talk specifically about the ways in which the CIB projects are likely to replicate those flaws.

**Mr. Dylan Penner:** I think it gets back to the nature of P3s. If we have this body of evidence that we've seen from the auditors general that existing P3s have had these problems—for example, in terms of the cost overruns—then the evidence tells us that future P3s are going to have the same problems that we've seen with current and previous P3s. I think the evidence speaks for itself.

**Mr. Taylor Bachrach:** Mr. Penner, the minister often says that we aren't going to be able to address Canada's infrastructure needs without bringing in private capital. This is something that we heard today from Mr. Fillmore as well.

Do you think this assertion is accurate?

**Mr. Dylan Penner:** I don't think it's accurate. If we genuinely want to see new infrastructure and there are all these problems with P3s in terms of a lack of democratic oversight, in terms of cost overruns, in terms of delivering less, why would we not go the route of public infrastructure where we don't see this level of serious problems.

It gets back to the claim that maybe there are some privately funded infrastructure projects that have worked. I think the reality is that if a clock is right twice a day that doesn't mean that it works.

**Mr. Taylor Bachrach:** In what ways would you improve the Canada Infrastructure Bank? Assuming that there is some potential in this mechanism, how would you salvage it if you were tasked with doing so?

**Mr. Dylan Penner:** I think there is still potential. It gets back to fundamentally the key thing is returning its mandate to focusing on publicly financed projects and moving away from and ruling out privatization and P3s. That's really what's going to be in the public interest. It's going to be much more responsive and accountable to local governments. The timelines will be better. We won't see the same kinds of cost overruns, which means that there's more money available for other projects.

**The Chair:** Thank you.

Members, thank you for a very good meeting. It went very well.

Witnesses, I thank you as well, as your contributions will no doubt be included in the final report that will be presented to members of the committee.

With that, I now adjourn this meeting. Have a wonderful evening.





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