



HOUSE OF COMMONS
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TARGETED INFRASTRUCTURE INVESTMENTS TO INFLUENCE SOCIAL, ECONOMIC AND ENVIRONMENTAL OUTCOMES

Report of the Standing Committee on Transport,
Infrastructure and Communities

Peter Schiefke, Chair

JUNE 2022
44th PARLIAMENT, 1st SESSION

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**Peter Schiefke
Chair**

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NOTICE TO READER

Reports from committee presented to the House of Commons

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

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THE STANDING COMMITTEE ON TRANSPORT, INFRASTRUCTURE AND COMMUNITIES

has the honour to present its

SIXTH REPORT

Pursuant to its mandate under Standing Order 108(2), the committee has studied the targeted infrastructure investment and has agreed to report the following:

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SUMMARY

Infrastructure funding in Canada involves every level of government and numerous public and private stakeholders. It is also of major concern to all Canadians, because it directly affects their quality of life and enables their communities to function smoothly. As the federal government approached the halfway mark of its Investing in Canada plan, launched in 2016, the House of Commons Standing Committee on Transport, Infrastructure and Communities decided to undertake a study on targeted infrastructure investments.

The witnesses the Committee heard described Canada's current and future infrastructure needs and made recommendations to improve the efficiency and effectiveness of federal infrastructure programs. Many of them were grateful for these programs, but pointed out that funding remains insufficient to meet demand and called for more flexibility and long-term predictability. Some also noted that small communities often have trouble navigating application-based infrastructure programs because they do not always have the same institutional capacity as large communities.

A number of witnesses highlighted the impacts of climate change, including weather-related disasters, on infrastructure. They said that climate resilience should be a central focus of the debate on Canada's current and future infrastructure needs.

In discussing infrastructure priorities, some witnesses mentioned the lack of efficient and affordable transportation options in remote regions, which contributes to the isolation of communities. Witnesses raised the issue of sustainable public transit funding as municipalities face serious financial challenges due to the COVID-19 pandemic's impact on ridership levels. In addition, some witnesses reported that the supply of affordable housing in their communities continues to be inadequate. They maintained that, despite the investments already announced, more must be done to end chronic homelessness in Canada.

Finally, the witnesses deemed access to broadband Internet in many Canadian communities an infrastructure priority. Although every order of government seems to have understood the value of broadband Internet, access to this service remains unequal in Canada and particularly affects rural households and First Nations communities. To reach the federal government's goal of connecting 100% of Canadians by 2030—and ideally before then—some witnesses said that federal, provincial and regional initiatives need to be better coordinated.

LIST OF RECOMMENDATIONS

As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.

Recommendation 1—More flexible infrastructure programs

That the Government of Canada work to make its infrastructure programs less prescriptive about the types of projects that are eligible and provide local governments with more flexibility and long-term predictability.

Recommendation 2—Asset management

That the Government of Canada work with the Federation of Canadian Municipalities through existing programs to further strengthen municipalities' asset management capacity.

Recommendation 3—Permanent doubling of the Canada Community-Building Fund

That the Government of Canada make the temporary doubling of the Canada Community-Building Fund a permanent increase, reflecting municipalities' need for predictable and flexible direct funding.

Recommendation 4—Expanded criteria for the Canada Community-Building Fund

That the Government of Canada revise the criteria for obtaining funding under the Canada Community-Building Fund to include the construction of city halls, municipal garages and municipal warehouses.

Recommendation 5—Impacts of the COVID-19 pandemic on infrastructure projects

That the Government of Canada examine ways to support municipalities to recover from the impact of the pandemic on infrastructure projects.

Recommendation 6 – National Trade Corridors Strategy

That the Government of Canada, in the context of the development of a National Trade Corridors Strategy, encourage enhanced dialogue with the provinces and territories, Indigenous communities, businesses, government agencies and international economic partners with the goals of strengthening strategic local, national and international trade corridors and ensuring long-term investments in needed infrastructure.

Recommendation 7—Supply chain efficiency

That the Government of Canada seek to improve the efficiency of supply chains by deploying strategic technologies and infrastructure investments designed to eliminate bottlenecks along Canada’s trade and transportation corridors.

Recommendation 8—Stable public transit funding

That the Government of Canada ensure municipalities can access secure transit capital funding that reflects the impact of the pandemic on ridership levels.

Recommendation 9—Relief of public transit operating deficits

That the Government of Canada, working in partnership with the provinces and territories, commit financial support to municipalities to cover transit operating shortfalls.

Recommendation 10—Sustainable public transit funding

That the Government of Canada, in collaboration with the provinces and territories, re-examine the role of the federal government in funding transit operations to reduce reliance on farebox revenue.

Recommendation 11—Boost in funding for the Rapid Housing Initiative

That the Government of Canada scale up funding through the rapid housing initiative to provide the resources necessary to end chronic homelessness.

Recommendation 12—Increase in funding for the Disaster Mitigation and Adaption Fund

That the Government of Canada support the rapid expansion of climate resilient infrastructure by increasing funding through the Disaster Mitigation and Adaption Fund.

Recommendation 13—Canada’s National Infrastructure Assessment

That the National Infrastructure Assessment include a specific focus on climate resilience and emissions reductions when considering the infrastructure needs of communities.

Recommendation 14—Funding for active transportation

That the Government of Canada support the expansion of low carbon, sustainable transportation infrastructure by shifting infrastructure funding towards active transportation.

Recommendation 15—Universal access to broadband Internet

That the Government of Canada ensure that no community is left without high-speed internet service.

Recommendation 16—Public sector role in providing universal access to broadband Internet

That the Government of Canada acknowledge the necessary role for the public sector in delivering high-speed internet to rural and remote communities, especially those without a sufficient business case to attract private sector providers.

Recommendation 17—Improved institutional capacity of small communities

That the Government of Canada work to support the institutional capacity of small municipalities and Indigenous governments when applying to broadband infrastructure programs such as the Universal Broadband Fund.

Recommendation 18—Bridging the digital divide in Indigenous communities

That the Government of Canada seek to bridge the digital divide with Indigenous communities by supporting Last Mile delivery and digital preparedness.

TARGETED INFRASTRUCTURE INVESTMENTS TO INFLUENCE SOCIAL, ECONOMIC AND ENVIRONMENTAL OUTCOMES

INTRODUCTION

Public infrastructure includes a wide range of facilities that enable a country or community to function. It includes cultural and recreational facilities, roads, drinking water systems and public transit. In Canada, most public infrastructure belongs not to the federal government, but to municipal governments, provincial and territorial governments and Indigenous communities.¹ Although it owns little public infrastructure—only about 3% of the total—the federal government plays a key role in funding projects undertaken by other infrastructure owners.

Launched in 2016, the Investing in Canada plan is a long-term federal infrastructure plan that provides for some \$188 billion in funding over 12 years. As the federal government was approaching the midpoint of implementing this plan, the House of Commons Standing Committee on Transport, Infrastructure and Communities (the Committee) adopted the following [motion](#) on 29 October 2020:

That, pursuant to Standing Order 108(2), the committee undertake a study on the ability of targeted infrastructure investment to influence social economic and environmental outcomes and improve the lives of Canadians, and underserved vulnerable communities; that the committee examine the socioeconomic profile of where infrastructure funding has flowed historically; and that the committee study the best practices in Canada and abroad for ensuring infrastructure investments reach communities most in need with a specific emphasis on rural Internet.

The Committee dedicated six meetings to this study between 15 April 2021 and 6 May 2021. It heard from 30 witnesses and received two briefs. The following sections outline the discussions that took place with various stakeholders regarding Canada's current and future infrastructure needs.

1 According to Infrastructure Canada, municipal governments own 62% of Canada's infrastructure, while provincial and territorial governments own 33% and Indigenous communities own 3%. Infrastructure Canada, [National Infrastructure Assessment](#).



STRUCTURE OF INFRASTRUCTURE PROGRAMS

“Agility and flexibility are very key to successful infrastructure. It’s entirely appropriate for the government to have prescriptive programs that are trying to achieve certain things, but they’re not going to solve all the problems for all the municipalities.”

[John Gamble](#)

President and Chief Executive Officer
Association of Consulting Engineering Companies—Canada

The Investing in Canada Plan is administered by more than 20 federal departments and agencies.² The structure of the programs, including the cost-sharing agreements and application criteria, can vary substantially from one program to the next. In general, the programs require recipients to apply for funding for a specific project. The federal government determines which applicants are eligible, as well as the types of projects that can receive funding through the program in question. It also sets the deadlines for submitting applications. For certain programs, an agreement between the federal government and the provincial and territorial governments makes the latter responsible for identifying and prioritizing eligible projects.

More Flexible Programs

A number of witnesses argued that infrastructure programs should be less prescriptive about the types of projects that are eligible and provide more flexibility and long-term predictability. They cited the example of the Canada Community-Building Fund (CCBF), previously known as the Gas Tax Fund.³ The CCBF is a federal program that drew high praise from many witnesses. It is a long-term funding source that provides about \$2 billion per year to the provinces, the territories and First Nations on a per capita

2 Infrastructure Canada, [Investing in Canada Plan—Building a Better Canada](#).

3 Standing Committee on Transportation, Infrastructure and Communities [TRAN], *Evidence*, 2nd Session, 43rd Parliament: [Jim Bradley](#) (Regional Chair, Regional Municipality of Niagara), [Jacques Demers](#) (President, Fédération québécoise des municipalités [FQM]), [John Gamble](#) (President and Chief Executive Officer, Association of Consulting Engineering Companies—Canada [ACEC]), [Garth Frizzell](#) (Councillor, City of Prince George, and President, Federation of Canadian Municipalities [FCM]), [Matt Gemmel](#) (Director, Policy and Research, FCM), [Jim Parsons](#) (Mayor, City of Corner Brook) and [Graydon Smith](#) (President, Association of Municipalities of Ontario [AMO]).

basis.⁴ These funds are then transferred to municipalities, which can engage in long-term planning because the funding is predictable. The CCBF has 19 categories of eligible projects and offers some leeway in the use of the funds; municipalities can pool them, save them or use them as a loan guarantee.

Regarding the categories of eligible projects under the CCBF, [Jacques Demers](#) and [David Boulet](#), respectively President and Economic Advisor of the Fédération québécoise des municipalités, said they would like to see the program expanded to include dams and municipal buildings that are not currently eligible, such as city halls and municipal garages.⁵

According to [Paul Kariya](#), Senior Policy Advisor at the Coastal First Nations Great Bear Initiative, one of the problems with application-based infrastructure programs is that they result in unfair competition between communities of different sizes that may not all have the skilled staff available to complete the required documentation by the deadline. Similarly, [Jim Bradley](#), Regional Chair of the Regional Municipality of Niagara, said it would be simpler to provide stable and predictable allocation-based funding that would enable municipalities “to effectively budget for small and, especially, large-scale projects and aid in the region’s overall long-range infrastructure planning.” [He](#) also stated that, with a robust asset management plan, projects could be matched with the federal government’s priorities.

Asset Management Plans

Broadly speaking, asset management is a set of practices that support informed decision-making regarding a municipality’s current and future infrastructure maintenance, repair and replacement priorities.⁶ [Matt Gemmel](#), Director of Policy and Research at the Federation of Canadian Municipalities (FCM), discussed the Municipal Asset Management Program (MAMP), a joint initiative of Infrastructure Canada and the FCM that he said helps strengthen municipalities’ asset management capacity.

[Mr. Gemmel](#) made the following comment about the MAMP:

There’s an opportunity there to support municipalities at the local level to improve technical expertise, human resource capacity and training around how to design,

4 Infrastructure Canada, [Canada Community-Building Fund—Canada Community-Building Fund Allocation Table](#).

5 The witnesses also mentioned fire halls, but these structures were added to the funding categories a short time after their testimony. Infrastructure Canada, [UPDATED: Supporting communities across Quebec](#), News release, 16 July 2021.

6 Federation of Canadian Municipalities, [Municipal Asset Management Program](#).



plan and build infrastructure so that it achieves those outcomes. That capacity-building element is an important solution to this juxtaposition between federal conditions on the funding versus ultimate flexibility on behalf of municipalities.

According to [Mr. Gemmel](#) and [John Gamble](#), President and Chief Executive Officer of the Association of Consulting Engineering Companies—Canada, both types of infrastructure programs—application-based and allocation-based—are needed, but municipalities do prefer the latter. [Garth Frizzell](#), President of the FCM and Councillor of the City of Prince George, maintained that “directly empowering local leaders who know what’s needed and what works on the ground” is essential.

Like multiple other witnesses who underscored the key role local leaders play in identifying local infrastructure priorities, [Mr. Gamble](#) suggested that the federal government use asset management plans as the basis for funding rather than the application-based model.⁷ A municipality or community could therefore receive funding to implement its plan, which would enable it to better determine the timing of infrastructure projects and eliminate the need to submit an application for every project.

Some witnesses were pleased by the federal government’s announcement in Budget 2021 that it would conduct Canada’s first National Infrastructure Assessment.⁸ Together with asset management plans, it will provide a better understanding of the current state of Canada’s infrastructure and an accurate estimate of the country’s long term infrastructure needs. In the same vein, [Ian Hamilton](#), President and Chief Executive Officer of the Hamilton–Oshawa Port Authority, said that Canada lacks data to assess the effectiveness of its supply chains and identify capacity issues in its goods transportation networks. [Mr. Hamilton](#) applauded the creation of the Canadian Centre on Transportation Data in 2018 and expressed the hope that Canada’s supply chain stakeholders will work together to “build a database that allows us to look at transportation in terms of integration between the modes rather than three individual silos.”

7 TRAN, *Evidence*: [Paul Kariya](#) (Senior Policy Advisor, Coastal First Nations Great Bear Initiative [CFN]), [Gamble](#) (ACEC), [Frizzell](#) (FCM) and [Sandra Skivsky](#) (Chair, National Trade Contractors Council of Canada [NTCCC]).

8 TRAN, *Evidence*: [Demers](#) (FQM), [Gamble](#) (ACEC) and [Craig Stewart](#) (Vice-President, Federal Affairs, Insurance Bureau of Canada [IBC]).

INFRASTRUCTURE NEEDS

“Certainly, the [infrastructure] deficit is enormous and one that the municipalities cannot tackle alone. There’s tens of billions of dollars staring down municipal budgets, and we need assistance, quite frankly, to make things happen.”

Graydon Smith

President

Association of Municipalities of Ontario

The witnesses confirmed to the Committee that the federal government’s infrastructure programs are appreciated. However, some also said the funding often fails to meet the demand given the size of the infrastructure deficit, especially in remote regions.⁹

Graydon Smith, President of the Association of Municipalities of Ontario, pointed to the example of the Community, Culture and Recreation Infrastructure stream of the 2018 bilateral agreements between Infrastructure Canada and its provincial and territorial counterparts.¹⁰ Mr. Smith argued that the \$400 million allocated to Ontario under this stream was inadequate since, when “that program came out, it was oversubscribed 10:1.” Mr. Boulet asserted that the same was true in Quebec, as most of the projects eligible for this stream were rejected because of a lack of funds. Jim Parsons, Mayor of the City of Corner Brook, deplored that some eligible projects were too costly for the provincial allocations in the bilateral agreements. Mr. Parsons referenced a single wastewater treatment plant whose cost would have used an entire year’s allotment for Newfoundland and Labrador under the Green Infrastructure stream. To ensure such projects are funded, he proposed establishing targeted large-scale funding for priority regional projects.

Sandra Skivsky, Chair of the National Trade Contractors Council of Canada, said the federal government needs to find a way to speed up infrastructure project approvals and the delivery of short-term funding. Shoshanna Saxe, Assistant Professor in the Department of Civil and Mineral Engineering at the University of Toronto, also observed that the most common speedbump for infrastructure projects in Canada “is the time it

9 TRAN, *Evidence*: Smith (AMO), David Boulet (Economic Advisor, FQM), Parsons (City of Corner Brook) and Réjean Porlier (Mayor, City of Sept-Îles).

10 Infrastructure Canada, *Investing in Canada Infrastructure Program—Agreements with Provinces and Territories*.



takes to get to the starting line, to prioritize and to get dedicated funding.” As for community, cultural and recreational infrastructure, [Ms. Saxe](#) hopes that, in the future, investments will be directed more toward multi-function infrastructure, such as schools that are also community centres. [She](#) argued that this would make more efficient use of land, which is subject to increasing competitive pressures.

[Ms. Skivsky](#) remarked that, when infrastructure is built in rural or remote regions, contractors often bring in workers, materials and equipment from urban centres. She believes that local labour should be trained and brought into a project as soon as construction starts, which would ensure maintenance could be done over time and eliminate the need to call in workers from other areas when repairs are necessary. Likewise, [Jean Paul Gladu](#), President of the Alaska–Alberta Railway Development Corporation Canada, argued that working with Indigenous communities from the very start of a major project, such as a railroad linking Alberta to Alaska, is critical to its success.

Transportation Infrastructure

“Our infrastructure needs to be upgraded so we can use the territory in a dynamic rather than resilient manner, the way it is now, as we wait for our villages to shut down.”

[Réjean Porlier](#)
Mayor, City of Sept-Îles

[Mr. Boulet](#) reported that it is difficult to convince governments to invest in sparsely populated areas, which results in continual underinvestment in the infrastructure and services of remote regions. During his appearance before the Committee, [Réjean Porlier](#), Mayor of the City of Sept-Îles, described the isolation the communities in his area experience owing to the lack of transportation infrastructure. Mr. Porlier said that one way to break this isolation would be to extend Highway 138—which currently stops at Kegaska—an additional 400 kilometres to Vieux-Fort, where it resumes before connecting with Newfoundland and Labrador’s Highway 510. In [his](#) view, finishing the highway would give residents a travel option in emergencies, as air and sea transportation is less reliable in poor weather. In addition, [Mr. Porlier](#) deplored the state of air transportation in Quebec, especially in the Lower North Shore region, calling it “everything but efficient and accessible.” [He](#) also stated that prices are prohibitive and service is inadequate. [He](#) believes that a co-operative model, in which customers are also owners, may be the solution.

[Mr. Hamilton](#) reported that the Toronto–Hamilton region faces quite a different challenge from that of Mr. Porlier: it is experiencing very rapid population growth, resulting in constant traffic congestion. [He](#) believes that increased use of short-sea shipping could reduce the number of trucks on the road, the need for investments in road widening and greenhouse gas emissions. While he acknowledged the value of the National Trade Corridors Fund (NTCF), [Mr. Hamilton](#) also said the following:

We would encourage the NTCF program to emphasize increasing Canada-U.S. trade, including imports tied to domestic industrial supply chains such as those for manufacturing and construction, which will be central to economic recovery and employment.¹¹

Public Transit

“Transit planning, as you all know from the experience in your regions, takes many years, especially the big LRT subway projects. These are 10-year planning horizons. Having that long-term predictability is key.”

[Matt Gemmel](#)

Director, Policy and Research
Federation of Canadian Municipalities

[Mr. Frizzell](#) gave three examples of infrastructure investments that could affect socio-economic and environmental outcomes and improve Canadians’ lives: public transit (which will be addressed in this section), community infrastructure (which includes sports and recreation facilities) and broadband Internet.

[Marco D’Angelo](#), President and Chief Executive Officer of the Canadian Urban Transit Association, explained to the Committee members that the COVID-19 pandemic and telework have had a major impact on public transit ridership in Canada. [Mr. D’Angelo](#) said that, during the lockdowns, ridership fell by about 80%, affecting municipal budgets. Accordingly, given that fares provided about half of public transit revenues before the pandemic, [he](#) stated that stable financial support from the federal government would be needed “to keep service levels so that people who rely on transit can get where they need to go.” Consequently, like other witnesses, [he](#) supported the new permanent

11 The National Trade Corridors Fund was launched in 2017 and provides \$4.2 billion over 11 years. The initial funding envelope was \$1.9 billion, but Budget 2019 provided another \$400 million and Budget 2021, a further \$1.9 billion. Transport Canada, [National Trade Corridors Fund backgrounder](#).



public transit infrastructure fund announced in February 2021.¹² According to the federal government’s announcement, this fund will provide \$3 billion per year starting in 2026–2027.¹³ [Mr. D’Angelo](#) said that, in the meantime, governments should work together to “make sure that operational funding continues until [public transit] ridership is close to, if not at, pre-pandemic levels.”

[Mr. D’Angelo](#) told the Committee members that small communities need access to funding to offer mobility options to their residents. To foster investments in small public transit projects in more remote communities, [he](#) recommended including baseline funding for all of Canada’s public transit services in the permanent fund that will launch in 2026–2027. [Mr. D’Angelo](#) explained that federal baseline funding that does not depend on matching contributions from provincial or territorial governments would lead to the completion of small projects that might not otherwise be built.

On a separate note, Teck Resources Limited (Teck) argued in its [brief](#) that, since Canada continues to feel the effects of the COVID-19 pandemic, Infrastructure Canada should work with federal agencies and private-sector partners to integrate the use of copper into high-traffic public infrastructure such as public transit. Copper, which [Teck](#) noted has proven antimicrobial properties, could be installed on surfaces to reduce infection transmission.

Affordable Housing

“We did our forecasting ..., and it’s going to cost \$7 billion. This addition to the rapid housing initiative is welcome and it’s helpful, but we still have a ways to go on our shared goals towards ending chronic homelessness.”

[Garth Frizzell](#)

Councillor, City of Prince George
President, Federation of Canadian Municipalities

[Mr. Smith](#) pointed out that the COVID19 pandemic has highlighted the urgent need for affordable housing and child care services in Canada. In the same vein, [Mr. Bradley](#) told the Committee that one of the Regional Municipality of Niagara’s infrastructure

12 TRAN, *Evidence*: [Frizzell](#) (FCM) and [Gemmell](#) (FCM).

13 Infrastructure Canada, [Backgrounder: A Plan to Permanently Fund Public Transit and Support Economic Recovery](#).

priorities is affordable housing, as vacancy rates for this type of housing are at virtually 0% in the region and wait lists are only growing.

[Mr. Gemmel](#) applauded the creation of the Rapid Housing Initiative (RHI), which was launched in October 2020 to meet the urgent housing needs of vulnerable Canadians.¹⁴ In announcing the RHI, the federal government also stated that it was part of its plan to “create jobs and support economic recovery, while eliminating chronic homelessness in Canada.”¹⁵ The RHI’s budget was initially set at \$1 billion, but it received an additional \$1.5 billion in Budget 2021.¹⁶ Although he was delighted by the federal government’s commitment and announced investments in affordable housing, [Mr. Gemmel](#) admitted that the amounts were well below the \$7 billion that the FCM estimates is needed to provide permanent supportive housing for all Canadians experiencing homelessness.

CLIMATE CHANGE: ADAPTING AND BUILDING RESILIENT INFRASTRUCTURE

“If we want to protect the infrastructure and keep it in good condition over the long term, let’s build it in a much greener way, with proven techniques.”

[Jacques Demers](#)

President, Fédération québécoise des municipalités

[Walter Sendzik](#), Mayor of St. Catharines and Vice-Chair of the Great Lakes and St. Lawrence Cities Initiative (GLSLCI), testified that the main challenge that affects every issue and every decision in his region is climate change. [Mr. Sendzik](#) pointed out that protecting the Great Lakes and the St. Lawrence River is not a local issue, but a binational one that requires cooperation between Canada and the United States to develop a joint long-term plan. He cited the following examples of climate change-related issues that cannot be solved locally:

They are access to safe drinking water across North America, the likelihood of year-round shipping on the Great Lakes due to climate change, the cost of erosion to once

14 Canada Mortgage and Housing Corporation, [Rapid Housing Initiative \(RHI\)](#).

15 Prime Minister of Canada, [New Rapid Housing Initiative to create up to 3,000 new homes for Canadians](#), News release, 27 October 2020.

16 Department of Finance Canada, [A Recovery Plan for Jobs, Growth, and Resilience](#), Budget 2021, p. 194.



stable shorelines, which we've seen all along the Great Lakes, and the effects of harmful algae blooms that put drinking water at risk and kill native species.

According to [Craig Stewart](#), Vice-President of Federal Affairs at the Insurance Bureau of Canada, the country needs to develop a national climate change adaptation strategy that includes deadlines for protecting infrastructure. [Mr. Stewart](#) offered an example target of protecting 30% of high-risk Canadian homes and businesses from flooding by 2030. [He](#) acknowledged that the federal government has taken significant steps to improve infrastructure resilience, including through the Green and Inclusive Community Buildings program,¹⁷ and to deal with climate catastrophes with the Disaster Mitigation and Adaptation Fund.¹⁸ However, [he](#) explained that this funding was insufficient, pointing to the hail storm that hit Calgary in June 2020, which he said cost insurance companies more than \$1.4 billion in claims.

Regarding Canada's National Infrastructure Assessment, [Mr. Stewart](#) emphasized that two other initiatives should run in parallel with this assessment: the development of a national adaptation strategy and the preparation of Canada's National Risk Profile, an initiative of Public Safety Canada that is designed to improve understanding of disaster risks.¹⁹ [He](#) also made the following comment about infrastructure resilience:

Frankly, we have done very, very little collectively to address the issue of our growing climate risk. The amounts that are being allocated in infrastructure programming are too small to meet what the needs are of municipalities across the country. In short, we believe climate resilience should also be prioritized in programming from Infrastructure Canada. The infrastructure assessment will be key to eliminating that.

Moreover, [Mr. Stewart](#) said that private capital has a role to play in infrastructure resilience and climate change adaptation, a view shared by the Canadian Life and Health Insurance Association (CLHIA). In its [brief](#), the CLHIA stated that its members are supportive "of all governments taking steps to reduce, mitigate and adapt to the risks of climate change." [The organization](#) also made the following statement about the role that the life and health insurance industry can play as an investor in sustainable infrastructure:

17 The Green and Inclusive Community Buildings program is a five-year, \$1.5-billion program that was announced in April 2021. Infrastructure Canada, [Green and Inclusive Community Buildings](#).

18 The Disaster Mitigation and Adaptation Fund is a 10-year, \$2-billion fund that was launched in 2018. Budget 2021 provided about \$1.4 billion more for the fund over 12 years. Infrastructure Canada, [Disaster Mitigation and Adaptation Fund: Overview](#).

19 The National Risk Profile is a tool for assessing and better understanding Canada's disaster risks and its preparation and response capabilities. Public Safety Canada, [National Risk Profile](#).

[A]s a substantial long-term investor in the Canadian economy, the life and health insurance industry can play an important role in supporting Canada’s transition to a lower carbon economy. Canadian life and health insurers already have more than \$75 billion invested in sustainable products and assets. With the appropriate regulatory conditions, the industry can act as an important partner to government in addressing climate change and promoting resilience.

In 2020, the transportation sector was the second-largest emitter of greenhouse gas (GHG) emissions in Canada, accounting for 24% of all national emissions.²⁰ According to [Ms. Saxe](#), governments can take a series of measures to reduce GHG emissions and provide more lower-pollution mobility options. For instance, [she](#) encouraged them to stop funding automobile-oriented road widening and instead invest in low-cost, carbon-neutral infrastructure such as cycling facilities and bus transportation. [Ms. Saxe](#) also reiterated the importance of providing stable, long-term funding for public transit so that projects that take over a decade to build—such as subways and high-speed intercity rail—can be planned.

ACCESS TO BROADBAND INTERNET SERVICE

“[H]igh-speed Internet makes telework and distance learning possible, and gives people an important means of communication. There is no longer any doubt that high-speed Internet is an essential service.”

[David Boulet](#)

Economic Advisor, Fédération québécoise des municipalités

Canadians are increasingly using the Internet to work, study, shop and stay in touch with friends and family. According to [Statistics Canada](#), the share of Canadians aged 15 and older who use the Internet rose from 83% in 2012 to 92% in 2020.²¹ In 2016, the Canadian Radio-television and Telecommunications Commission (CRTC) declared broadband Internet an essential service for all Canadians.²² The CRTC defined broadband service as download speeds of at least 50 megabits per second (Mbps) and upload speeds of at least 10 Mbps (50/10 Mbps) for fixed networks, an unlimited data plan

20 Environment and Climate Change Canada, [Greenhouse gas emissions](#).

21 Statistics Canada, [Canadian Internet Use Survey, 2020](#), June 2021, and Statistics Canada, [Canadian Internet Use Survey](#), October 2019.

22 Canadian Radio-television and Telecommunications Commission [CRTC], [Telecom Regulatory Policy CRTC 2016-496](#), December 2016.



option and access to the latest mobile wireless technology from all homes, businesses and major roads.²³

Closing the Digital Divide

“Useful tools like Internet in schools are not possible in a number of the communities because the service isn’t there. Everyone’s really keen about things like virtual doctors, but those aren’t available because there is no service. It’s a bit of a hodge-podge of service availability, but generally and unfortunately, it’s poor.”

[Paul Kariya](#)

Senior Policy Advisor, Coastal First Nations Great Bear Initiative

According to the CRTC’s 2020 Communications Monitoring Report, about 87% of Canadian households have access to 50/10 Mbps broadband services with unlimited data.²⁴ However, service availability varies by region: 99% of urban households have access to these services compared with only 46% of rural households. This figure is 35% for First Nations reserves. Consequently, as some witnesses indicated, even though all levels of government seem to have understood the value of broadband Internet, access to this service remains unequal in Canada.²⁵ [Mr. Boulet](#) and [Mr. Porlier](#) said broadband Internet is a key factor in the appeal of remote regions, in part because it allows for remote work and mitigates isolation. Similarly, [Mr. Kariya](#) informed the Committee that coastal First Nations continue to be digitally marginalized, as some of these nations still cannot access online services that are a given for most Canadians, including telemedicine and Internet in schools. Noting that many coastal First Nations communities are accessible only by sea or by air, [Mr. Kariya](#) said that affordable broadband Internet is critical to these communities’ resilience.

[Barry Field](#), Executive Director of Southwestern Integrated Fibre Technology (SWIFT), testified that Canada’s digital divide exists largely because “there’s a general market

23 CRTC, *Broadband Fund: Closing the digital divide in Canada*.

24 CRTC, *Communications Monitoring Report*, 2020, p. 107.

25 TRAN, *Evidence*: [Smith](#) (AMO), [Rob Foster](#) (Regional Councillor, Town of Lincoln, Regional Municipality of Niagara) and [Kariya](#) (CFN).

failure in this space.” [Mr. Field](#) made the following comments on the issue of broadband services in rural areas:

The high cost of implementing fast, reliable broadband infrastructure in rural areas with low population density is not offset by the requisite revenues that would make the investment profitable. Simply put, the ISPs [Internet service providers] have no profit motive to invest in these areas. There is a patchwork of non-profit co-operatives that do an incredible job of addressing rural broadband service gaps, but they are generally small and localized operations, not in a position to address such issues on a national scale.

Furthermore, [Mr. Kariya](#) warned that a profitability-based approach tends to put the most remote communities at a disadvantage. Accordingly, [Mr. Field](#) argued that subsidy programs are needed to reduce the cost of implementing broadband Internet; [Mr. Porlier](#) concurred. [Mr. Field](#) praised federal programs such as the Universal Broadband Fund (UBF), which has a \$2.75-billion budget, and the \$2.8 billion in funding for broadband infrastructure the Government of Ontario announced in its 2021 budget.²⁶ He further noted the involvement of municipal governments, including in his region of southwestern Ontario, where the member municipalities of SWIFT, a regional broadband program, have contributed \$24 million to close the digital divide in that part of the province.²⁷

In Budget 2021, the federal government confirmed its goal of connecting 98% of Canadians to broadband Internet by 2026 and 100% by 2030.²⁸ During his appearance, [Éric Dagenais](#), Senior Assistant Deputy Minister of the Spectrum and Telecommunications Sector at Innovation, Science and Economic Development Canada (ISED), stated that the goal of 98% by 2026 was achievable given all the programs currently operating to eliminate the digital divide in Canada. As for the remaining 2%, [Maryam Monsef](#), Minister of Rural Economic Development, said it may be necessary to use low-Earth-orbit satellites to reach the most-difficult-to-connect areas. [Michele Beck](#), Vice-President of Sales for North America at Telesat, a satellite operator, claimed that the Telesat Lightspeed project, a network of low-orbit satellites, will “ensure affordable, fibre-like broadband connectivity everywhere in Canada.” [Ms. Beck](#) explained that the project’s goal is to provide broadband connectivity in partnership with local Internet service providers, as well as LTE and 5G services, in rural

26 Innovation, Science and Economic Development Canada [ISED], [High-speed Internet for all of Canada](#), and Ontario, Ministry of Finance, [Ontario’s Action Plan—Protecting People’s Health and Our Economy](#), 2021 budget, p. 19.

27 Southwestern Integrated Fibre Technology, [Sources of Funding](#).

28 Department of Finance Canada, [A Recovery Plan for Jobs, Growth, and Resilience](#), Budget 2021, p. 153.



and remote regions. According to [Stephen Hampton](#), Manager of Government Affairs and Public Policy at Telesat, these satellites are scheduled for launch in 2023 and will be in global service in approximately mid-2024.

Better Program Coordination

“[I]t is paramount that the coordination between the funding programs be improved to ensure that organizations are not duplicating efforts by bidding on the same broadband service areas, which has resulted in nullified applications. A coordinated funding approach will better alleviate the gaps in coverage in our underserved areas.”

[Rob Foster](#)

Regional Councillor, Town of Lincoln
Regional Municipality of Niagara

Various federal programs that support the development of broadband Internet services have been in place for several years now. For example, the UBF and the Connect to Innovate program are both administered by ISED, while the CRTC manages the Broadband Fund.²⁹ In addition, provinces and regions have launched their own initiatives, such as SWIFT in southwestern Ontario and Connected Coast on the west coast of British Columbia. Some witnesses said it can be difficult to navigate the various programs, which can sometimes result in duplication of effort in submitting applications.³⁰

Regarding the UBF, [Mr. Kariya](#) congratulated the federal government on setting the goal of connecting every Canadian and on the funding it has allocated to this problem. That said, [he](#) pointed out that multiple coastal First Nations communities could not submit funding applications because the deadlines were short and they were overwhelmed by

29 The Universal Broadband Fund has a budget of \$2.75 billion, including \$1 billion that was provided by Budget 2021. The Connect to Innovate program, another ISED program, has a budget of \$585 million and will expire in 2023. The CRTC’s Broadband Fund has a five-year, \$750-million budget. The first call for applications closed in October 2019. ISED, [High-speed Internet for all of Canada](#), ISED, [Connect to Innovate](#), and CRTC, [Broadband Fund](#).

30 TRAN, *Evidence*: [Foster](#) (Regional Municipality of Niagara) and [Barry Field](#) (Executive Director, Southwestern Integrated Fibre Technology).

the COVID19 pandemic. [Mr. Kariya](#) expressed disappointment that some small communities could not obtain funding for an essential service such as broadband Internet because they lacked capacity. [He](#) then made the following remarks:

If we truly are going to take a reconciliation approach, then why are we placed into a competitive situation such that, if for whatever unforeseen reason we don't get our applications in or if we are the smallest incapable nation—incapable only because of the lack of people and timing—and we are pitted against larger better-served nations, we are then told we didn't make the cut-off, so sorry but there's no more funding?

I don't think that's the way to approach this in a country like Canada. I don't think this is the way to approach a basic service such as last-mile connection to the backbone.

As regards initiatives such as Connected Coast, a project to install fibre optic cables from Prince Rupert to Vancouver, and then around Vancouver Island, [Mr. Kariya](#) commended the various levels of government and other stakeholders involved that are looking to improve access to broadband Internet in his region. [Mr. Kariya](#) reminded the Committee that, while investing in a network backbone that connects smaller networks is important, the last-mile infrastructure—the part that links customers to the network—is also vital. [He](#) said that “funding for that is quite confused” and often results in communities competing against each other.

During her appearance, [Ms. Monsef](#) maintained that the funding provided under the UBF is not limited to network backbones; it also goes to last-mile and cellular telephone infrastructure.

[Mr. Kariya](#) added that the challenge for First Nations communities is not simply access to broadband, but also their level of preparation for digital tools. [He](#) said communities need more financial support to create a program that prepares people for the shift to digital and ensures that communities can take advantage of the benefits of broadband once it is available.

To close Canada's digital divide, [Rob Foster](#), Regional Councillor for the Town of Lincoln at the Regional Municipality of Niagara, called for a coordinated funding approach. Mr. Foster's call was echoed by [Mr. Field](#), who said it would be more efficient to combine all the broadband funds into a single program. [Mr. Field](#) asserted that funding should ideally be transferred to the provinces and territories, which can then work with municipalities to determine how to improve broadband access in a given region. [He](#) noted the following:



[I]n many aspects [the programs] are competing with each other to solve the same problem. I think that by co-ordinating those efforts, and by collecting the funding at the provincial and the regional level, there is a better opportunity to solve this issue in a more co-ordinated way.

Mr. Frizzell told the Committee that the FCM could play a role in the UBF by coordinating Internet service providers and local governments, as well as federal, provincial and territorial government departments and agencies. To help small communities with few resources, he also recommended streamlining the UBF application process and creating a single window. During her testimony, Ms. Monsef said a single window had been established to help small communities with the UBF application process. She described this orientation service as follows:

A really smart official, usually an engineer, will pick up that call on behalf of the federal government and help applicants navigate the difficult process, connect them with engineers and project managers or others in the region who also want to get connected.

Access to Support Structures and Competition Issues

Mr. Kariya informed the Committee that access to support structures such as utility poles remains a barrier to deploying broadband in coastal First Nations communities. This infrastructure belongs to various stakeholders, including Canadian businesses that provide telephone service, such as Bell, and electricity suppliers, such as Hydro-Québec.

According to Pierre Karl Péladeau, President and Chief Executive Officer of Quebecor Media Inc., restricted access to poles is hampering the emergence of competition in broadband services. Mr. Péladeau emphasized that competition leads to lower prices for consumers and fosters innovation. He added that Videotron, a subsidiary of Quebecor Media Inc., has had trouble gaining access to Bell's support structures, but not those of Hydro-Québec. Regarding the support infrastructure access problems and the potential impacts of the proposed acquisition of Shaw Communications Inc. by Rogers Communications Inc. on competition in the telecommunications sector, Mr. Péladeau made the following comments:

[I]t is crucial for regulatory organizations and political decision-makers to ensure that large national players cannot take advantage of their dominant position to threaten facilities-based competition. This way, all Canadians could benefit from a competitive environment, numerous choices and lower prices for telecommunications services.

CONCLUSION

Throughout the Committee's study, witnesses with an interest in infrastructure investments shared their perspective on Canada's current and future infrastructure needs and proposed solutions to make federal programs more efficient and effective. A number of witnesses argued that infrastructure programs should be less prescriptive about the types of projects that are eligible and provide more flexibility and long-term predictability. Some also highlighted the importance of affordable transportation and broadband Internet access to break the isolation of remote regions.

APPENDIX A LIST OF WITNESSES

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

43rd Parliament—2nd Session

Organizations and Individuals	Date	Meeting
Association of Municipalities of Ontario Graydon Smith, President	2021/04/15	25
Coastal First Nations Great Bear Initiative Paul Kariya, Senior Policy Advisor Christine Smith-Martin, Executive Director	2021/04/15	25
Fédération québécoise des municipalités David Boulet, Economic Advisor Jacques Demers, President	2021/04/15	25
Great Lakes and St. Lawrence Cities Initiative Walter Sendzik, Vice-Chair and Mayor of St. Catharines	2021/04/15	25
Regional Municipality of Niagara Jim Bradley, Regional Chair Rob Foster, Regional Councillor Town of Lincoln	2021/04/15	25
Quebecor Media Inc. Pierre Karl Péladeau, President and Chief Executive Officer	2021/04/20	26
Southwestern Integrated Fibre Technology Barry Field, Executive Director	2021/04/20	26
Telesat Michele Beck, Vice-President of Sales North America Stephen Hampton, Manager Government Affairs and Public Policy	2021/04/20	26

Organizations and Individuals	Date	Meeting
Vidéotron Itée Jean-François Pruneau, President and Chief Executive Officer	2021/04/20	26
Association of Consulting Engineering Companies—Canada John Gamble, President and Chief Executive Officer	2021/04/27	28
Federation of Canadian Municipalities Garth Frizzell, President and Councillor City of Prince George Matt Gemmel, Director Policy and Research	2021/04/27	28
National Trade Contractors Council of Canada Sandra Skivsky, Chair	2021/04/27	28
As an individual Shoshanna Saxe, Assistant Professor Department of Civil and Mineral Engineering, University of Toronto	2021/04/29	29
Alaska–Alberta Railway Development Corporation Jean Paul Gladu, President Canada Sean McCoshen, Founder and Chairman	2021/04/29	29
Canadian Urban Transit Association Marco D'Angelo, President and Chief Executive Officer	2021/04/29	29
City of Sept-Îles Réjean Porlier, Mayor	2021/04/29	29
Department of Industry Éric Dagenais, Senior Assistant Deputy Minister Spectrum and Telecommunications Sector Hon. Maryam Monsef, P.C., M.P., Minister of Rural Economic Development	2021/05/04	30

Organizations and Individuals	Date	Meeting
Office of Infrastructure of Canada Kelly Gillis, Deputy Minister Infrastructure and Communities Alison O'Leary, Assistant Deputy Minister Program Operations & Communities and Rural Economic Development	2021/05/04	30
City of Corner Brook Jim Parsons, Mayor	2021/05/06	31
City of Sept-Îles Réjean Porlier, Mayor	2021/05/06	31
Hamilton-Oshawa Port Authority Ian Hamilton, President and Chief Executive Officer	2021/05/06	31
Insurance Bureau of Canada Craig Stewart, Vice-President Federal Affairs	2021/05/06	31

APPENDIX B LIST OF BRIEFS

The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's [webpage for this study](#).

43rd Parliament—2nd Session

Canadian Life and Health Insurance Association

Teck Resources Limited

REQUEST FOR GOVERNMENT RESPONSE

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

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 18, 22 and 23](#)) from the 44th Parliament, 1st Session and ([Meetings Nos. 25, 26 and 28–31](#)) from the 43rd Parliament, 2nd Session is tabled.

Respectfully submitted,

Peter Schiefke
Chair



Bloc Québécois supplementary opinion on the report
Targeted Infrastructure Investments to Influence Social,
Economic and Environmental Outcomes

June 15 2022

Introduction

First, the Bloc Québécois salutes the members of the Committee as well as the staff of the Library of Parliament for the professionalism they have shown and the work they have accomplished during this study and thanks all the witnesses and citizens which fueled the debate on the targeted investments that need to be made in infrastructure.

However, it is the opinion of the Bloc Québécois that this is still a report that does not address the original sin of federal infrastructure funding: conditional funding from the money of Quebecers.

The Federal Government's False Responsibility for Infrastructure

The report as presented to the House of Commons itself acknowledges an important fact: infrastructure in Canada does not belong, in most cases, to the federal government. This is well underlined in this quotation taken from the first paragraph of the introduction:

“In Canada, most public infrastructure belongs not to the federal government, but to municipal governments, provincial and territorial governments and Indigenous communities. Although it owns little public infrastructure – only about 3% of the total – the federal government plays a key role in funding projects undertaken by other infrastructure owners.”

However, this report errs when it relies on the amounts spent by the federal government to justify its intervention in the management of infrastructure. As we have shown in our complementary opinion of the report, *The Canada Infrastructure Bank*, the money spent by the federal government is none other than the result of the fiscal imbalance existing between the federal government and that of Quebec and of the provinces. It should be noted that in this previous supplementary opinion, we explained the situation of the fiscal imbalance as follows:

“This imbalance allows Ottawa to collect more revenue in taxes than it needs to accomplish the missions falling within its areas of jurisdiction, while Quebec and the provinces find themselves lacking funding for activities in their fields of competence. Thus, the federal government takes advantage of the fact that it collects more money than it needs to interfere in what does not concern it.”

Added to the fact that the infrastructure does not belong to it, we can only conclude that the federal government's funding for infrastructure should in fact be taken directly by Quebec and the provinces. Therefore, the fact that the federal government levies excessive taxes does not give it the right to impose its views on those who should legitimately raise the necessary revenues and administer the infrastructure, which are the owners of said infrastructure.

Get to the Root of the Problem

The current report therefore lacks, once again, the vision needed to address the fundamental problem of infrastructure financing in Canada. We will therefore take the liberty of reiterating

here the avenues for solutions that we have already listed in our complementary opinion of the report The Infrastructure Bank of Canada.

The best solution for Quebec remains the accession to its full and total independence from Canada. This would resolve all the problems caused by the fiscal imbalance and the predatory action of the federal government, which is constantly trying to interfere everywhere and especially in places where it should not.

Until Canada leaves Quebec, there are two solutions:

The first is for the fiscal imbalance to end with a disengagement of the federal government in sectors that do not fall under its jurisdiction and a transfer of the associated taxation and tax points to the governments of Quebec, the provinces, and the territories. This would restore decision-making and financial power to the only legitimate players in the circumstances: the owners of public infrastructure in Quebec and Canada.

The second option is to transfer all the amounts for infrastructure in Quebec, to the provinces and to the territories. This solution may seem attractive, but it would maintain the constant threat that the federal government could seize these sums as soon as its centralizing nature is felt.

Conclusion

Finally, this report will once again have failed to recognize the basic problem in infrastructure. Unfortunately, this is a redundant situation when we talk about these subjects, demonstrating the need for Quebec to take its destiny into its own hands and no longer expect anything from the Canadian federal system.

Bloc Québécois Recommendations

That the Government of Canada transfer tax points funding infrastructure to Quebec and the provinces.

Failing that, that the Government of Canada unconditionally transfer to Quebec and the provinces the funds related to infrastructure.

