

Allocating federal infrastructure funds

SETTING PRIORITIES

By Geordie Gordon

To ensure that the federal government's \$120-billion investment in infrastructure over the next 10 years is allocated to projects that deliver economic, social and environmental benefits, the construction industry recommends the government establish an independent infrastructure investment agency. According to a new report, the agency would advise the federal government on funding priorities for large-scale projects based on a standardized evaluation template.

The [report](#), from **Residential and Civil Construction Alliance of Ontario** argues that an independent Canadian Infrastructure Investment Agency could be a “centre of excellence” that would focus on evaluating large-scale infrastructure projects worth at least \$100-million.

The agency would not have decision-making or funding responsibilities. Rather, it would provide advice on costs and benefits in areas such as financing, project selection, prioritization and project delivery. The report notes that the creation of such an agency would have a positive impact on the transparency and accountability surrounding large infrastructure projects.

The report builds on an earlier [report](#) released in February, which explored the creation of a Canadian Infrastructure Bank. **UofT** associate professor **Matti Siemiatycki**, who authored both reports, told *NRU* that borrowing money isn't an issue for the federal government, so establishing a new bank with lending functions, as proposed by the federal government, would only mean incremental change for major infrastructure projects.

“The issue isn't raising the money, the issue in Canada is paying the money back,” he said. “There are people who will lend [the Canadian government] money... The issue is [it doesn't] have the revenue streams, or [it's] not levying



sufficient tax revenues to pay that money back,” Siemiatycki said.

The benefit of an independent investment agency, says Siemiatycki, is in bringing together experts from across the country to advise the federal government on which projects to fund. It also adds a level of accountability into the decision-making process by inserting experts with technical savvy.

“These are big dollar, very large capital projects that are, in many cases, of national significance. You need the appropriate division between an expert, independent body that does the technical studies and makes sure that those are done at the highest level. But in our democratic system, you want politicians overseeing that, because

that makes sure there's the appropriate democratic oversight,” he said.

Siemiatycki is careful to point out that the agency would have no decision-making responsibility. In its advisory capacity it would provide “a framework for doing evidence-based planning ... that will improve the return on investment.”

“[The proposed Canadian Infrastructure Investment Agency] will create a structure to evaluate projects and then provide a recommendation on whether the project meets that standard. But all the levels of government, the politicians, could decide to go in the direction that they want. So it's really a transparency and evidence-based type of screen,” he said.

The agency would create a standard methodology that would be used to evaluate projects over the \$100-million threshold. It would review the municipal or provincial government report requesting funding and provide a recommendation on whether the project warrants federal investment, which would be publically accessible. [nrU](#)