

Province still knocking for infrastructure dollars

By Lindsey Cole

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Ontario Premier Kathleen Wynne continues to call on the federal government for more infrastructure dollars, this time putting a twist on it stating a 'Canadian Infrastructure Partnership' is needed.



During a recent speaking engagement at a Canada 2020 luncheon in Ottawa, Premier Wynne again stated the federal government needed to become a "better partner in strengthening and enhancing Canada's Economic Union."

She said this partnership, which would be between the provinces and the federal government, would have an explicit objective of investing five per cent of GDP in infrastructure renewal. According to a release, governments in Canada are currently investing in public infrastructure an amount equal to between three and 3.5 per cent of GDP.

"We know that when we are investing in infrastructure we are building, and when we are building roads and transit, or hospitals and schools, or energy networks and ports, we are growing," Premier Wynne says in a statement.

Federal Finance Minister Joe Oliver states the government continues to provide for Ontario and the rest of the country.

"Our government has delivered unprecedented investment in Ontario's infrastructure — from new subway expansion, to renovated roads to improved public transit," he said in a statement.

For Andy Manahan, the executive director of the **Residential and Civil Construction Alliance of Ontario (RCCAO)**, more infrastructure dollars could come from the feds, it just a matter of how it is done.

He does acknowledge that falling oil prices play a role, but in the long-term more strategies are needed.

"The federal government can certainly afford to invest more without any repercussions shall we say on a surplus position," he explains.

"I think the basic message is that the province, based on their budget commitments of \$130 billion over 10 years for infrastructure and then the separate commitment of \$29 billion for transit over 10 years, is pretty significant, and certainly compared to what the federal government announced last year, which was a little bit over \$70 billion for all of Canada over 10 years, so that's about \$7 billion a year. The relative share that Ottawa's giving to the province is relatively minor. Whatever the federal government invests in infrastructure they tend to get a very good rate of return."

Manahan states a previous report commissioned by the RCCAO in July 2014 on Ontario infrastructure investment, clearly identifies that the federal government "is significantly under-contributing." It states Ontario and its municipalities are shouldering 88 per cent of the investment risk, but "a preferred share would be about 60 per cent, in order to maximize GDP and government revenues, while sharing the risks more equally." "If the spending on infrastructure by any level of government was volatile, it'd be really tough to go up that slope, so to speak, to hit the sweet spot of five per cent GDP," Manahan states. "More consistent, predictable spending, even if it's slightly less than you'd hope would be optimal, it's better keeping that spending consistent overall to start meeting the objectives of better asset management for example."

A report for the RCCAO by Michael Fenn on *Unlocking Ontario's Advantages: Building new infrastructure on the foundation of existing public assets*, suggests establishing a 'Canada Infrastructure Sustainability Bank' may be a solution.

The purpose of this bank would be to stand in place of a federal capital grant program or a tax-expenditure regime.

"It allows the Government of Canada, the Provinces and local authorities to overcome a number of the obstacles relating to financing, funding and reporting," Fenn writes, adding the processes would have to be clearly laid out.

"The criteria for supporting worthwhile infrastructure projects or infrastructure investment programs should be societal and economic merit."

Fenn told the Daily Commercial News previously it could be something to take into consideration.

"It might work to its (the federal government's) own fiscal advantage and it doesn't necessarily involve major one-time capital grants," he says.

"That's an opportunity, particularly with the federal government in its current circumstances, trying to balance the budget and facing an election and so on," he said. "There may be ways in which this could be quite beneficial to Canadians if it was embraced with some prudence."

On top of Premier Wynne's proposal, she also issued a challenge to all federal parties asking whether they are willing to enter into a new commitment with the provinces to "empower Canada," as it is an election year.

"I'm still really glad she is banging the infrastructure drum," Manahan adds. "Some serious conversations have to be had. I think there's going to have to be some new models or funding streams."