

# Ontario needs a strong federal-provincial partnership to fight infrastructure deficit

By Barry Steinberg - July 23, 2015

Another year has passed and premiers have gathered for their Council of the Federation meeting. Yet again, the federal government is absent. Its lack of leadership and willingness to dialogue with the provinces leaves the premiers with creating a consensus rather than coming together to chart progress that could have been made on issues of vital importance to our future prosperity, such as a national transit strategy tackling our infrastructure deficit.

This can only be described as Ottawa's contempt for provincial priorities. The federal government remains unwilling, or unable, to look past its own agenda. It is curious that with a federal election on the horizon Ottawa does not, at least on the surface, see the need for partnering with provinces that have a definitive plan to realize some sort of meaningful success to better our communities.

As a case in point, at Ottawa's request Ontario recently submitted a list of 106 infrastructure priorities for consideration for infrastructure investment; investment that could have supported and provided substantial extra value to the province's landmark 10-year, \$130-billion infrastructure investment plan. These were, however, ignored. Rather, Ottawa allocated \$26.9 million in funding to the University of Ontario Institute of Technology, located in a "friendly" region of the province. It is difficult to follow the logic of such unilateral decision-making when clear evidence exists for targeted investment.

Of Ontario's \$130 billion infrastructure investment, \$2.6 billion is earmarked for transit and transportation, critical factors directly affecting the health of our economy. According to Benjamin Dachis of the C.D. Howe Institute, the Greater Toronto and Hamilton Area is suffering an annual loss of as much as \$11 billion due to congestion and gridlock.

Canada, and Ontario in particular, are in dire need of a national transit strategy. Canada is the only G7 country without such a plan. We need a commitment from Ottawa to a partnership that includes all levels of government.

In this year's federal budget, Ottawa pledged to create a Public Transit Fund, dedicating \$750 million for two years starting in 2017-2018 and thereafter, \$1 billion annually. However, this is only an intent. Ottawa needs to do more; it must demonstrate leadership and shed its singular perspective.

According to Ontario Infrastructure Investment: Federal and Provincial Risk & Rewards published by the **Residential and Civil Construction Alliance of Ontario**, eliminating

Ontario's infrastructure deficit requires investment of 5 per cent of GDP. The provincial government and its municipalities currently invest about 2.8 per cent of GDP. Ottawa currently invests about 0.37 per cent of GDP. The federal government used to contribute the remaining 2 per cent. Ottawa is not doing enough.

Just as, if not more, important than a commitment to invest, is proper planning. The federal government must understand that effective infrastructure investment is a direct result of sound, meaningful and effective long-term planning. Rather than rhetoric about "shovel ready projects", Ottawa needs to work together with the other levels of government to develop a long-term plan that clearly demonstrates how and why funding will occur. Not having a sound plan diminishes the value of the federal government commitment and negatively impacts sustainability.

As an essential component of strategic long-term planning the federal government must provide reliable and consistent sources of investment revenue to support provincial priorities. The provinces must allocate these funds along with their own commitments to dedicated reserves like Ontario's Trillium Trust for specific infrastructure priorities and not simply be rolled into general revenues.

Ontario is demonstrating its strong determination to resolve its infrastructure deficit. Ottawa must now step up, do the responsible thing and find a way to meet the province and its communities for its fair share. Ottawa's commitment to creating a partnership with Ontario will not only foster provincial success, but also greater economic activity and growth for the entire country.

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