

Investing in Ontario's Public Infrastructure

Economic Returns of Public Infrastructure Investment Will Be Massive

TORONTO (Marketwired: October 28, 2015) – A new report by the Canadian Centre for Economic Analysis (CANCEA) shows that the economic importance of public infrastructure investment is vastly greater than previously found using traditional economic models. Using unique agent-based modelling, CANCEA found that public infrastructure investments generate an economic return on real GDP that is almost eight times as large as the impact predicted by traditional economic models.

"Investing in Ontario's Public Infrastructure: A Prosperity at Risk Perspective" uses a Big Data / Big Analytics approach to assess infrastructure impacts. Led by Paul Smetanin, the CANCEA team examined the long-term economic impact of Ontario's 10-year, \$130-billion infrastructure plan using its unique research platform called *Prosperity at Risk* that employs agent-based modelling – a framework for modelling a dynamic system by means of individual agents and their mutual interaction with each other. An agent is an autonomous individual, firm or organization.

"We are very proud of this research," Smetanin notes. "We hope it helps inform the broader discussion about how investment in our public infrastructure can be a catalyst to promote long-term prosperity."

Sean Strickland, CEO of the Ontario Construction Secretariat (OCS), says: "We always knew that strategic investment in bridges, roads and hospitals was a good idea, but now we know just how much tax revenue these investments generate for governments and how they enable the broader economy to grow much more strongly and for far longer."

Andy Manahan, Executive Director of the **Residential and Civil Construction Alliance of Ontario (RCCAO)**, states that this research reinforces the value of infrastructure investment. "This modelling shows us that a \$1-billion investment in public infrastructure supports 85,000 job-years in Ontario over the next 30 years. When governments invest in public infrastructure, there are huge returns in tax revenue."

The report found that for every \$1 billion invested in infrastructure as part of Ontario's confirmed 10-year, \$130-billion plan, \$1.7 billion in provincial tax revenue will be generated relative to not making this infrastructure investment.

Who is CANCEA?

CANCEA is a state-of-the-art interdisciplinary research organization that is dedicated to objective, independent and evidence-based analysis. CANCEA has a long history of providing holistic and collaborative understanding of the short- and long-term risks and returns behind policy decisions and prosperity.

Who funded this research?

The Residential and Civil Construction Alliance of Ontario (RCCAO) has commissioned previous research from CANCEA and is pleased to be supported in this independent research report by the Ontario Construction Secretariat (OCS).



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