

AGENDA FOR GROWTH

Policy playbooks to elevate Canada

Canadian Global
Cities Council 

INFRASTRUCTURE

POLICY PLAYBOOK

2019 FEDERAL ELECTION

INFRASTRUCTURE

The economic competitiveness of Canadian cities depends on the quality and capacity of urban, transport, trade, and digital infrastructure. Without an ongoing planning process and coherent funding strategy for infrastructure, Canada will fall behind other countries, impacting business competitiveness, job growth and quality of life.

Progress has been made in urban infrastructure priorities, with significant federal investments in transit projects in Montreal and Vancouver, affordable housing in Toronto, and port infrastructure in Halifax. But now is not the time to take our foot off the gas pedal, let alone hit the brakes.

Canada is an urban nation without an urban strategy. Rather than measuring the federal government's urban impact by dollars spent or ribbons cut, it's time Canada join the rest of our OECD counterparts—such as France, Belgium, Australia, the Netherlands and the UK—in setting broader urban goals and engaging cities and city-regions to develop plans consistent with national priorities.

More private and public investment in our infrastructure is needed if our cities are to remain globally competitive. Canada's city-regions face very different priorities from coast to coast, and each brings very different resources to the table. The current one-size-fits-all approach is a poor fit for all.

The CGCC calls on all campaigning parties to commit to funding existing priority projects, better leverage the private sector to build infrastructure, and develop a National Urban Strategy that funds city and city-region infrastructure plans.

Read our complete series: AGENDA.FORGROWTH.CA





OUR INFRASTRUCTURE PLAY IN 3 MOVES

1 IMPLEMENT CGCC'S NATIONAL URBAN STRATEGY

Over the last quarter-century, municipal governments, civic leaders, and supportive federal officials have pushed for federal aid so Canadian cities have the tools they need to address three long-term problems:

1. Compensate for the fiscal weakness of cities when it comes to capital investment;
2. Catch up on years of underinvestment in infrastructure maintenance; and,
3. Help our cities become competitive with other global cities around the world.

Without a coherent strategy to specifically achieve those goals, federal investment and leadership has not been as effective a catalyst as it could have been to address these challenges.

At present, most Canadian federal resources allocated for urban policy challenges are invested or distributed through top-down programs, which must be applied for and approved project-by-project. The major exception—gas tax transfers—flow through the provinces indirectly, based on individual provincial deals, with some of the drawbacks seen in other project-based programs.

The result is a maximum focus on process, announcements and commitments, at the cost of greater focus on deliverables, problem-solving and capacity management. In many other national and federal systems, these issues are addressed with a single, coherent strategy.

To help Canadian cities build the infrastructure they need, the CGCC proposes a National Urban Strategy, first put forward in our report *Planning for an Urban Future*, that would require the next federal government to:

Track and report on infrastructure needs

- We need a specific agency or office to be the national lead in tracking infrastructure quality, best practices dissemination, and designation of nationally significant projects.
- While infrastructure investments are welcome, the current state of ad hoc interventions makes it unclear how they improve the quality of our overall infrastructure. The agency should track

needs with at least two measures in mind:

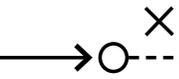
- Are Canadian cities attaining the level of new infrastructure construction given our desire to be economically competitive with other global cities?
- Are Canadian cities maintaining existing infrastructure to keep up with their competitors abroad?
- Ongoing federal work to complete measurement of nationwide infrastructure asset quality and maintenance needs should be accelerated.

Develop long-range priority plans

- Every major Canadian city or city-region would be expected to develop a long-term plan for urban economic and social infrastructure, in partnership with all levels of government, business, and economic leaders.
- Plans are expected to be more detailed than existing capital budgets, with greater focus on alternative funding opportunities, partnership goals for projects led by other actors, and realistic estimates of timing, staging, cash flow needs and capacity challenges.

Fund the plan, not the project

- Federal urban funding would not exceed the scope of legacy project agreements unless and until there is a city or city-region plan. Funding would also flow to cities and agencies on a regional basis to execute these plans, instead of paying for ad hoc projects. Funds would flow on a per capita basis with minor adjustments to reflect needs and be subdivided into regional and local tranches in cases where there are metropolitan governments and/or regional transit agencies to facilitate shared funding of regional goals.
- Funding agreements should be long-term (10-20 years), with renewal dates deliberately staged across election cycles to create the expectation that changes will be negotiated by new governments rather than imposed.
- Private sector partners, economic organizations, and academic institutions should be signatories to each funding plan to reinforce a common sense of purpose and minimize the political risk of arbitrary disruption.



2 INVEST IN PRIORITY INFRASTRUCTURE

Until a National Urban Strategy is created and city and city-regions have had time to develop their regional plans, critical, although ad hoc investments in digital and physical infrastructure must continue.

Around the world, our competitors are supporting the rollout of business-enabling digital infrastructure like 5G, investing in trade-enabling physical infrastructure at ports and airports, and creating dedicated funding streams for transit.

To ensure municipalities can support growing populations, build competitive business environments, retain talent, and plan for future demands such as climate change, the next federal government should prioritize the following investments:

Trade-enabling infrastructure

- New physical infrastructure (e.g. highways, ports and rail) and effective technologies that speed up processing times and optimize routes can help support Canada's growing trade relations. The 2018 Fall Economic Statement committed to flowing funds in an expedited manner for trade-enabling infrastructure to support port, rail, truck and border goods movement infrastructure; a practice which the next federal government should continue.

5G deployment

- Ensure that the next 3.5 GHz auction is timely and carried out in a way that maximizes benefits for businesses and individual users.
- Standardize access to municipal infrastructure for the installation of necessary equipment.
- Design a regulatory environment that

Around the world, our competitors are supporting the rollout of business-enabling digital infrastructure like 5G

continues to encourage capital investment by the private sector.

Transit expansion and state of good repair

- Maintain federal funding for existing transit expansion projects.
- Significantly increase the federal investment in urban infrastructure in a form that permits direct spending on maintenance needs. The CGCC supports the Federation of Canadian Municipalities' (FCM) proposal for a permanent federal funding mechanism that allocates funds directly to transit priorities.
- Make annual maintenance transfers a permanent feature of the next infrastructure funding strategy.
- Continue the current government's year-one inclusion of maintenance costs in core infrastructure transfers. This was a necessary first step toward the more holistic funding model contemplated by the National Urban Strategy.

Climate resilient infrastructure

- The next federal government should work with municipalities to build their risk assessment capacity and develop long-term plans to ensure urban centres are able to mitigate the risks associated with a changing climate.
- The next government should work with FCM and the Insurance Bureau of Canada to develop a predictable long-term funding stream for disaster mitigation and climate adaptation to make our cities more resilient to climate change impacts.

"Infrastructure is the backbone of our nation's economy, tying the country together and connecting us to the world. Whether its railways or roadways, ports or airports, tunnels or transit, investments in infrastructure drive economic prosperity and job creation. As Canada's population grows, we need to continue to focus on moving people and goods efficiently through our metropolitan regions."

DAVID CRAWFORD, INTERIM CEO, GREATER VANCOUVER BOARD OF TRADE





3 BETTER LEVERAGE PRIVATE INVESTMENT

After decades of underinvestment across Canada, recent years have seen governments—at all orders and of all stripes—increasingly focus on building the infrastructure our country, communities and economy require. While there is a strong will to build, funding and financing remain a challenge, even for the most ambitious governments.

An important challenge with one-off federal programs for urban infrastructure, which the National Urban Strategy aims to address, is that priorities for economic, environmental, and transportation infrastructure vary significantly across city-regions. Federal infrastructure funding plans for 2020 and beyond, whether they are based on the National Urban Strategy or another model, should be flexible enough to allow for changing and expanding priorities, including climate resilience, digital infrastructure prioritization and conventional urban infrastructure. Programs need to be more flexible because, as each of the local priorities for the CGCC show, there is a diversity of needs across the country.

Most importantly, a rethink on how Canada attracts local and international investment for priority projects is needed. The CGCC recommends that the next federal government work with the private sector to ensure Canada can move forward on its priority infrastructure.

Strengthen the Canada Infrastructure Bank (CIB)

- The creation of the CIB in 2016 was a step in the right direction, but a review is needed to accelerate spending on bank-funded projects and secure more private sector support.
- Given the need to advance construction

innovation, resilient infrastructure, enhanced mobility solutions, and green infrastructure design across Canada, the CIB should be mandated to set aside a small portion of its capital (less than 5%) for early-stage investments in proof of concept or commercialization of Canadian property tech and cleantech.

Attract private investment

- The next federal government should structure infrastructure projects to make them more appealing to private investment, including from large pension funds, to encourage direct financing.
- The next federal government should work with the private sector to identify opportunities and methods for further business and institutional investment in priority infrastructure, including restructuring the Public-Private Partnership (P3) model to find the right balance of risk sharing.

“Investment in economic and social infrastructure is essential for progress and pivotal to support the growth of Canada’s fast-growing cities. A National Urban Strategy, focusing on private and public investment in infrastructure, will accelerate Canada’s growth and improve our global competitiveness and quality of life.”

PATRICK SULLIVAN, PRESIDENT & CEO, HALIFAX CHAMBER OF COMMERCE



MUNICIPALITIES BUILD AND MAINTAIN 60% OF THE CORE PUBLIC INFRASTRUCTURE THAT SUPPORTS OUR ECONOMY AND QUALITY OF LIFE.



THE IMPACTS OF CLIMATE CHANGE WILL COST AT LEAST 5% OF GLOBAL GDP EVERY YEAR.



ADOPTION OF 5G IN CANADA WILL ADD \$40B TO GDP BY 2026 AND 250K PERMANENT JOBS.



PRIORITY PROJECTS BY CHAMBER:

HALIFAX:

Expansion of the Port of Halifax and broadband to exurban communities

TORONTO:

Ontario Subway Line and Waterfront LRT

BRAMPTON:

Hurontario-Main Street LTR and Downtown Flood Mitigation Riverwalk

MONTREAL:

Expansion of public transit in east of Montréal and Montréal-Pierre Elliott Trudeau airport

WINNIPEG:

Kenaston and Chief Peguis Trail expansions

CALGARY:

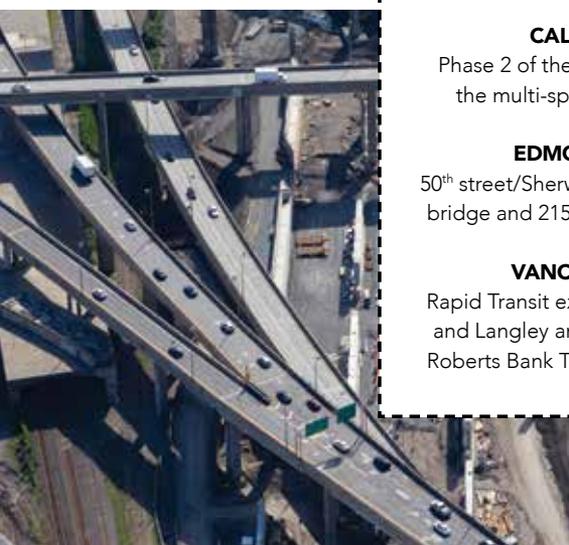
Phase 2 of the Green Line and the multi-sport field house

EDMONTON:

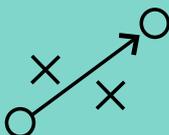
50th street/Sherwood Park freeway bridge and 215th street widening

VANCOUVER:

Rapid Transit expansions to UBC and Langley and completion of Roberts Bank Terminal 2 in Delta



IN CANADA, INSURED DAMAGE TO PROPERTY AND INFRASTRUCTURE ANNUALLY AVERAGED 8.5X HIGHER BETWEEN 2008 AND 2017 THAN FROM 1983 TO 1992.



Read our complete series:
AGENDAFORGROWTH.CA



CANADA NEEDS AN AGENDA FOR GROWTH

Founded in 2015, the Canadian Global Cities Council (CGCC) is a coalition of CEOs of eight of Canada's largest urban Chambers of Commerce and Boards of Trade coast-to-coast: Vancouver, Calgary, Edmonton, Winnipeg, Brampton, Toronto, Montreal, and Halifax. Representing half of Canada's GDP and population, the CGCC is a strong voice for national policies that build competitive and sustainable urban economies.

For Canada and its metropolitan regions to continue to be the best places to live, own a business, and invest, this election we are calling on campaigning parties to champion our Agenda for Growth.

Read our full policy playbooks series on Trade & Innovation, Infrastructure, Talent, and Energy at agendaforgrowth.ca.

Join the conversation online
#Agenda4Growth



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