This page was exported from - Shelburne Free Press
Export date: Fri Oct 30 8:42:05 2026 / +0000 GMT

Ottawa Journal: Infrastructure Spending: Myth vs. Reality

By David Tilson, MP

Dufferin-Caledon

Budget 2016 is being lauded for ?historic? infrastructure investment.

But the details are hazy.

How much is being spent? When? And on what exactly?

Getting to the bottom of these questions is harder than it seems.

Here are some key things to know:

Budget 2016 promises to invest more than $120 billion in infrastructure over the next 10 years. This includes close to $60 billion in funding that was committed under the previous government.

The plan is broken into two phases: Phase 1 is focused on public transit, green and social infrastructure and will contain $11.9 billion over the next five years. The government says that most of this will be spent in the next two years. Plans for Phase 2 will be announced within the next year and focus on improving Canada's transportation network.

In the meantime, roads, highways, ports and rail infrastructure will compete for existing federal funds from the New Building Canada Plan, which had been established by the previous government.

This program brought federal funding from a low of under $1 billion annually in the early 2000s to over $5 billion in 2016-2017.

The Liberal platform's infrastructure plan revolved around three categories: public transit, green infrastructure and social infrastructure.

The spending outlined under these categories in the Budget falls $3.4 billion short of what they promised.

Although the three categories from Phase 1 of the government's plan are underfunded, the Budget adds spending in other areas to the infrastructure total.

On a cash basis, the government says it will spend $4 billion on infrastructure and $1.4 billion on housing this year, followed by $7.3 billion and $966 million next year.

Some of this funding, however, is on items that are not traditionally considered to be infrastructure. Funding for social programs, for instance, may not be used to construct or maintain fixed assets. And, even if it was, most economists would consider this a form of consumption spending, not the sort of core infrastructure investment that generates long-term economic growth.

Instead of the traditional approach to federal infrastructure funding, where Ottawa's contribution needs to be matched equally by municipalities and provinces, Budget 2016 states that the federal government will shoulder a full half of the costs of public transit, water and waste systems and other projects.

So, the footprint of the Federal money will be smaller and there's a greater chance that it will displace local spending that was going

to take place anyway.

To quote the Globe and Mail from an editorial on March 22, ?The Liberal Party's electoral pitch was that Ottawa would run deficits to pay for infrastructure. But, that's mostly not what's happening in Budget 2016. The vast majority of the planned new spending is not investment. It's not building roads or bridges or public transit. It's ongoing program spending, locked-in and permanent. And it's mostly about writing cheques to seniors, parents, aboriginal Canadians, the unemployed and provincial governments.? (Globe & Mail editorial, March 22)

Once again, when it comes to Liberal promises, the cupboard is bare.