

# Ontario Infrastructure investment 'well below' optimum: CANCEA

by DCN NEWS SERVICES Feb 18, 2016

TORONTO, ONT.—A new report by the Canadian Centre for Economic Analysis (CANCEA) shows an imbalance in infrastructure investment levels in Ontario by tier of government (federal, provincial and municipal) continues to exist, and that investment remains below what the economy needs to support its best chance of success.

Report author Paul Smetanin, [CANCEA](#) president and CEO, said, "While governments benefit from what productive public infrastructure does for economic growth, investment in Ontario is still well below what is needed to maximize economic prosperity. It's natural to want to understand why, which motivated our research to analyze how the risks and rewards from public infrastructure investment in Ontario are currently split between the three tiers of government."

The analysis found if a sustainable investment strategy maximizes economic returns while minimizing the risks for "investors" — in this case, different tiers of government — then the federal government would contribute about 38 per cent of the investment, the release states. Currently, the federal government is covering only 11 per cent of the investment, less than a third of what is required. This current imbalance puts the province in a serious financial predicament, says CANCEA. If the province attempts to increase infrastructure investments on its own without federal support, it will result in continued deficits or the need to seek other solutions.

The experience for the federal government is somewhat different, CANCEA says. As a significant net beneficiary of infrastructure investment in Ontario (through taxation), Ottawa is easily able to run fiscal surpluses, the report argues.

"Historically, federal government contributions to public infrastructure in Ontario have been inadequate," says Smetanin. "The pledge of the recently elected federal Liberal government to increase federal funding of public infrastructure investment is a step in the right direction and it is hoped that with it brings a new era of co-operation between Ottawa, Queen's Park and municipalities to determine long-term, sustainable approaches to infrastructure investment in Ontario."

CANCEA is an independently funded research organization that is dedicated to objective, independent and evidence-based analysis, its media release issued Feb. 12, states.

Feb 18, 2016