

Ottawa looks to reach deal with provinces on infrastructure spending

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Ottawa is looking to hammer out infrastructure agreements with the provinces as soon as possible that will set the rules for how budget cash will flow to projects across the country.

The negotiations are aimed at sorting out the power struggle between provinces and municipalities over how to spend the new federal windfall. Big-city mayors have made it clear they would like few strings attached and have urged Ottawa not to allow the provinces to delay construction with extra layers of approval. At the same time, cities are trying to secure money for their priority projects from provincial governments, which are constitutionally responsible for municipalities.

In an interview with The Globe and Mail, Infrastructure Minister Amarjeet Sohi said he is working the phones and travelling the country to meet with provincial ministers with the goal of signing bilateral infrastructure agreements.

“Our timelines are very aggressive, very tight,” he said. “Our goal is as quickly as possible.”

Provincial and municipal officials are meeting regularly with federal officials to determine the types of projects that could qualify for the infrastructure money announced in the federal budget. The March 22 budget promised to spend an additional \$60-billion on infrastructure over 10 years, but split that into two phases.

The first phase involves \$11.9-billion over five years for projects such as public-transit upgrades, social housing and improved drinking water on reserves. Details on the second phase are expected to be announced in the 2017 budget, and the government says that money will be aimed at larger projects that improve Canada’s productivity.

In addition to the \$60-billion, the budget also announced \$3.4-billion for upgrades of federally owned infrastructure, and \$2-billion for postsecondary infrastructure.

But the budget was silent on key details that will only come through the new deals with provinces. For instance, the budget says Ottawa is now willing to cover up to 50 per cent of projects that traditionally had been evenly split three ways with provinces and municipalities.

Negotiations are focused on how the provinces and municipalities would split the remaining 50 per cent. There are also talks about how much of the new federal money, if any, would flow directly to municipalities.

A process of working through lists with the provinces is something big-city mayors had said they were hoping to avoid. During a visit to Parliament Hill in February, Calgary Mayor Naheed Nenshi said involving the provinces in another layer of approvals would “slow everything down.” Raymond Louie, president of the Federation of Canadian Municipalities, had urged that federal cash not fall into a “quagmire” at the provincial level.

Provincial and municipal reaction to the federal budget was largely positive, but questions remain about how the approval process will work.

Mr. Nenshi’s office declined comment on Tuesday on the discussions, saying the mayor is waiting to see if the Alberta budget on April 14 has further details.

Mr. Sohi insisted the decision-making will be streamlined and money will flow quickly.

“There will be enough flexibility,” he said. “The due diligence that we will do here in our department will be expedited to make sure that the process is not burdensome.”

Brad Duguid, Ontario’s Minister of Economic Development, Employment and Infrastructure, said in an interview that talks are going well between Ottawa and the province, but Ontario still has questions about the federal budget before it can submit specific projects for funding.

Montreal city councillor Lionel Perez, who is responsible for infrastructure and intergovernmental relations, said the city has submitted a list of shovel-ready projects to Ottawa and Quebec City.

Mr. Perez said there has been a “recurring delay” over the years reaching these types of agreements, but he hopes the new federal government will settle things more quickly.

“What we see here is a willingness from the federal government to really accelerate the spending of money,” he said.