

Ottawa to increase federal share of infrastructure funding

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Federal Infrastructure Minister Amarjeet Sohi says Ottawa will cover a greater share of infrastructure projects than the conventional three-way split with provinces and cities – a formula he said is unfair to municipal governments that have a limited ability to raise taxes.

The approach was warmly welcomed by Vancouver Mayor Gregor Robertson, who has had a prominent working relationship with Prime Minister Justin Trudeau and also a leadership role in the Federation of Canadian Municipalities representing big-city mayors.

Vancouver is among the cities lining up for billions in funding promised by the Liberals during last fall's federal election campaign.

Mr. Sohi has been musing about the possibility of changing the government's standard one-third contribution for several weeks, but firmed up his commitment in a question-and-answer session Thursday, after a speech to the Vancouver Board of Trade.

“We will be looking for a different formula,” he said. “We don't know what that is going to be yet because we want to do it in consultation with [municipalities].”

He said Ottawa will definitely be looking at a greater role for the federal government. However, he also suggested such change may not come in the first phase of federal infrastructure funding.

The government has committed to spending \$60-billion on infrastructure over the next decade, with \$20-billion each focused on public transit, green infrastructure and social infrastructure.

Mr. Sohi was introduced at the board-of-trade event by Mr. Robertson, who is looking for federal support for, among other things, affordable housing and a major east-west subway he has made a priority item of his political agenda.

Mr. Sohi repeated Ottawa's support for the subway project on Thursday as well as for a light-rail system in Surrey, but details of those commitments remain to be outlined.

Mr. Robertson said changing the status quo is an issue of fairness for municipalities, which lack the fiscal resources of the province or federal government.

“I am very encouraged to hear the minister and federal government say they’re looking at changing the formula to a fair funding formula that recognizes the per cent of tax revenue collected by each level,” Mr. Robertson said in an interview after Mr. Sohi’s remarks.

Mr. Robertson estimated that cities collect about 10 per cent of tax revenue, behind 50 per cent for Ottawa and 40 per cent for provinces.

He said a “fair funding formula” would allow greater movement on such transit projects as the Broadway subway.

Last year, voters in a regional plebiscite rejected a proposal for a new Vancouver-area sales tax to help raise additional funds for transit expansion, including the Broadway subway.

On another issue, Mr. Sohi was non-committal about reports that the federal government is talking to some of Canada’s largest pension funds about investing in the government’s infrastructure agenda.

He said his department will be exploring how to engage the private sector to support infrastructure, but he said there have been no discussions around pension funds.

He declined to elaborate on his thinking about the idea despite reports that his department has had discussions with various institutional investors.

“We don’t have any plan at this time,” he said.