

NO: **R002**

COUNCIL DATE: **January 9, 2012**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **January 4, 2012**

FROM: **General Manager, Engineering**

FILE: **0430-01**

SUBJECT: **Government of Canada - Long-term Infrastructure Plan**

RECOMMENDATION

The Engineering Department recommends that Council:

1. Receive this report as information, and
2. Authorize staff to engage in processes that the federal government establishes to obtain local government input into the development of a new Long Term Infrastructure Plan (the "Plan") for Canada and to provide further reports to Council complete with recommendations as appropriate to ensure that local government interests and opportunities are fully addressed in the new Plan.

INTENT

The intent of this report is to advise Council of the Government of Canada's proposed process for developing a long-term infrastructure plan and to obtain Council's support for participation in this process.

BACKGROUND

Canada's public infrastructure investments in the 1800's focused on canals and railways, uniting sparse populations and forming a basis for Confederation. In the first half of the twentieth century, public works throughout Canada responded to the new industrial reality and booming cities by means of electrification, reliable water, waste management, public transit, and other transportation investments. In the post World War II boom, the automobile became the symbol of prosperity, individuality and modernity and infrastructure investment mirrored this in the creation of the world's longest national highway. Enthusiasm for public infrastructure as nation building also extended to cultural facilities with libraries, arenas and art galleries constructed across the country. Following a decline in public infrastructure spending in the 1970's and 1980's, renewed interest in public works investments has emerged. In 2006 the Building Canada Plan committed \$33 billion to infrastructure with a further \$2 billion annual increase in 2009 under the Gas Tax Fund. In 2009, in response to the global economic downturn, additional billions of dollars in short-term funding were added under the Economic Action Plan, including the Infrastructure Stimulus Fund, the Building Canada Fund-Communities Top-Up, and the Green Infrastructure Fund.

Moving forward, the federal government is proposing to engage in a dialogue with provincial, territorial, and municipal governments to develop a new long-term public infrastructure plan, as outlined in the Backgrounder document attached as Appendix I. This process will be undertaken in three phases as follows:

Phase I: Taking Stock (Fall 2011 – Winter 2012) – This phase will take stock of past infrastructure investments to identify the many factors that have contributed to the success of thousands of projects throughout the country with a focus on the successes accomplished through strong partnerships.

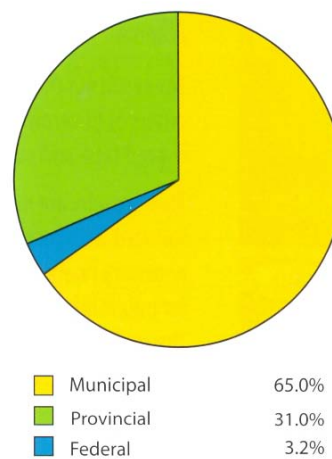
Phase II: Identifying Priorities (Winter – Summer 2012) – This phase will build on the first round of analysis to build the technical and policy knowledge that will serve as the basis for the development of a long-term infrastructure plan and inform the broader discussions that will be the focus of the third phase of the process. During Phase II the federal government will work with other levels of government, stakeholders, experts, and leading practitioners to undertake research and analysis around the themes of the economy, the environment, stronger communities, infrastructure financing, and asset planning and sustainability.

Phase III: Informing the Next Agenda (Summer – Fall 2012) – This phase will focus on a constructive dialogue among all orders of government and other key stakeholders, building on the work of the first two phases, to explore the broad principles and future directions for public infrastructure in Canada and to identify key lessons from past plans and programs that can aid in the development of the next long-term public infrastructure plan.

DISCUSSION

In Canada, municipalities play the leading role in managing, building, operating, maintaining, rehabilitating and replacing public infrastructure. Municipalities own 65% of Canada’s core public infrastructure (CPI) followed by Provinces who own 31% and the Federal Government at only 3.2% (see Figure 1 below). Considering that municipal government’s share of the total public revenues is only 8%, there is a clear need for federal and provincial participation in infrastructure capital programs.

Figure 1
Net Stock of Public Capital Share
2009



Source: Statistics Canada, Survey of Capital and Repair Expenditures.
Core Public Infrastructure (Water, wastewater, recreation, culture, transit, roads, bridges)

Recent investments by all orders of government through infrastructure programs have contributed to the renewal of Canada's Critical Public Infrastructure (CPI) (defined as bridges, roads, water, wastewater, transit, and cultural and recreational facilities). After remaining fairly stable throughout the 1980's and 1990's, investments in CPI increased rapidly over the last decade. The average age (used as an indication of the state of infrastructure) of Canada's CPI, peaked in 2001 at 17 years and then during the period 2001 – 2010 fell to 14.7 years. However, the Association of Consulting Engineers of Canada estimates that 50 percent of Canada's public infrastructure will have reached the end of its serviceable life by 2027. To maintain competitiveness and our standard of living and to safeguard a fragile economic recovery while supporting continued growth, prudent investment in public infrastructure remains very important. A predictable, stable, long-term funding plan will be necessary to plan for and meet continued infrastructure needs, building on the Partnership approach between Municipal, Provincial, and Federal governments that has proved very effective in the past decade.

CONCLUSION

Surrey, as one of Canada's most rapidly growing municipalities, is experiencing pressure for the on-going expansion of core public infrastructure and can only benefit from a federal long-term infrastructure investment plan and strengthened partnerships between all orders of government. Based on the above discussion, it is recommended that Council authorize staff to engage in the processes that the federal government establishes to obtain local government input into the development of the new Long Term Infrastructure Plan (the "Plan") for Canada and to provide further reports to Council complete with recommendations as appropriate to ensure that local government interests and opportunities are fully addressed in the new Plan.

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General Manager, Engineering

VL/KDZ/brb

Appendix I - Backgrounder

Background

November 30, 2011

The Engagement Process for Developing a Long-Term Infrastructure Plan

The Government of Canada is engaging its key partners – provinces, territories, the Federation of Canadian Municipalities and other stakeholders to develop a long-term infrastructure plan. Building on past achievements while strengthening partnerships between all orders of government, the process will roll out in three phases:

Phase 1: Taking Stock (Fall 2011-Winter 2012)

Taking Stock is about working with our partners to review the accomplishments and results of past infrastructure investments. The Government of Canada will work together with provincial, territorial and municipal partners to review past infrastructure investments and initiatives and examine their benefits for communities.

Phase II – Identifying Priorities (Winter-Summer 2012)

To help ensure all levels of government have the right information to make informed decisions on infrastructure investments, we will work with our partners and stakeholders, as well as with technical experts and academics, to build knowledge around five broad themes:

- 1) Infrastructure and the Economy
- 2) Infrastructure and the Environment
- 3) Infrastructure and Stronger Communities
- 4) Financing Infrastructure
- 5) Asset Planning and Sustainability

Phase III – Informing the Next Agenda (Summer-Fall 2012)

Building on the work of the first two phases, we will have in-depth and constructive discussions with our provincial, territorial and municipal partners and other key stakeholders. Together, we will explore the broad principles and future directions for public infrastructure in Canada, and discuss key lessons learned from past plans and programs that can help develop the next long-term public infrastructure plan.

As this engagement process unfolds, www.infrastructure.gc.ca will feature regular updates, along with research publications as they are developed.



**GOVERNMENT OF CANADA INVITES PARTNERS
TO JOIN IN DEVELOPING A LONG-TERM INFRASTRUCTURE PLAN**

November 30, 2011

OTTAWA, ONTARIO – The Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, and Minister of the Economic Development Agency of Canada for the Region of Quebec, today launched the formal engagement process that will bring together the Government of Canada, provinces, territories, the Federation of Canadian Municipalities and others to develop a new long-term plan for public infrastructure beyond the expiry of the Building Canada Plan in 2014.

“Completing the economic recovery remains our Government’s top priority. Our new plan will help identify Canada’s infrastructure priorities to meet the needs of Canadians and build a more prosperous, competitive, and sustainable economy,” said Minister Lebel. “Working together with partners, we will take stock, identify opportunities, and build the foundation of a new infrastructure plan that supports economic growth and job creation.”

The engagement process will take place in three phases over the next year. First, the Government of Canada will work together with its partners to take stock of recent accomplishments and their impacts, and examine the results of the significant investments that have been made by all orders of government. The second phase will be working with our partners and leading experts to collaborate on research and analysis that will inform and guide the long-term infrastructure plan.

This important work will lay the foundation for the third phase that will include a series of in-depth discussions with partners to confirm the principles and priorities of the plan. The result: an effective, sustainable, long-term infrastructure plan for Canadians.

As the Government of Canada develops this new plan, it will continue to deliver significant infrastructure investments through the \$33-billion Building Canada Plan. It has also tabled legislation to make the \$2 billion Gas Tax Fund permanent, providing stable and predictable funding for municipalities to help support their local infrastructure priorities.

Through strong partnerships with provinces, territories, municipalities and other stakeholders, the Government of Canada is leading the way in investing in public infrastructure.

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