

# CUTA Analysis of Budget 2013



On March 21, 2013, Finance Minister Jim Flaherty introduced the 2013-2014 federal budget in Ottawa (Economic Action Plan 2013).

## Key Themes of Budget 2013:

Throughout the past year the Harper government reiterated its position to hold the line on new spending, and maintain its track for budget rebalance by 2015.

### Elements included:

1. **Jobs and the economy:** Policy to facilitate matchmaking between skills training and available jobs in the Canadian marketplace;
2. **Infrastructure** investments;
3. **Manufacturing** Support.

## Budget Highlights for CUTA:

- ✓ The budget includes a new 10 year Building Canada Plan with over \$53 billion in new and existing funding for federal investments in infrastructure, including public transit;
- ✓ The permanent Gas Tax Fund is now indexed at 2%/year;
- ✓ 100% rebate of GST for municipalities is made permanent;
- ✓ Infrastructure programs to be reviewed and if necessary improved or expanded in 5 years;
- ✓ In comparison to the previous plan, transit is available for all funds under new Building Canada Plan;
- ✓ Federal role in transit infrastructure funding has been strengthened.

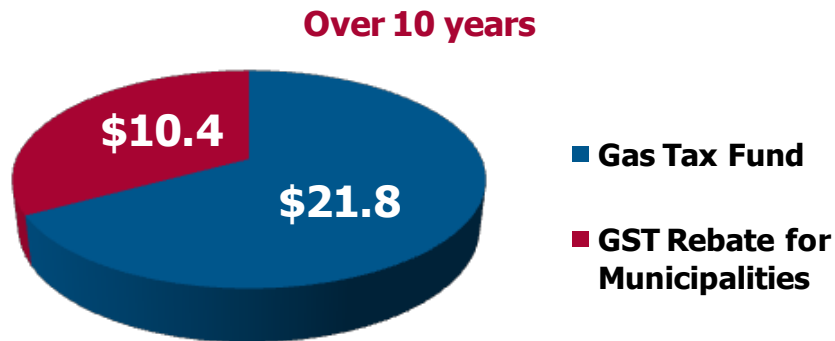
## A New Building Canada Plan

Following on the success of the 2007 Building Canada plan, Economic Action Plan 2013 introduces a new 10-year funding commitment to provincial, territorial and municipal infrastructure, starting in 2014—15, through three key funds:

1. **Community Improvement Fund – \$32.2 billion**
2. **New Building Canada Fund – \$14 billion**
3. **Renewed P3 Canada Fund – \$1.25 billion**
- **Transfer of existing program funding – \$6 billion**

## 1. Community Improvement Fund

- This initiative provides stable, predictable funding for Canadian municipalities of \$32.2 billion over 10 years through the GST Rebate for Municipalities and the Gas tax Fund (GTF).
- Public Transit is an eligible category for the Community Improvement Fund. It is one of several infrastructure categories available for funding. It is worth noting that transit has historically received 34% of the GTF.

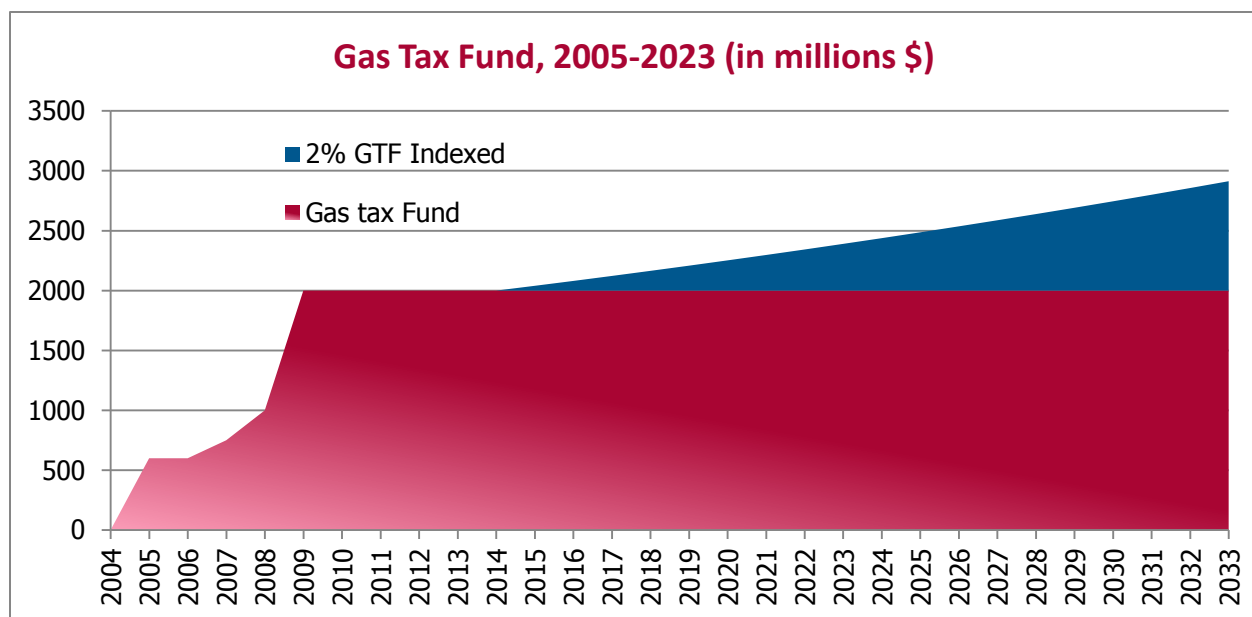


### a. The incremental GST Rebate for Municipalities

- 10 years under the incremental GST Rebate for Municipalities to provide communities with additional resources to address their infrastructure priorities, from the construction of new infrastructure assets to the maintenance and operation of existing public infrastructure and facilities.

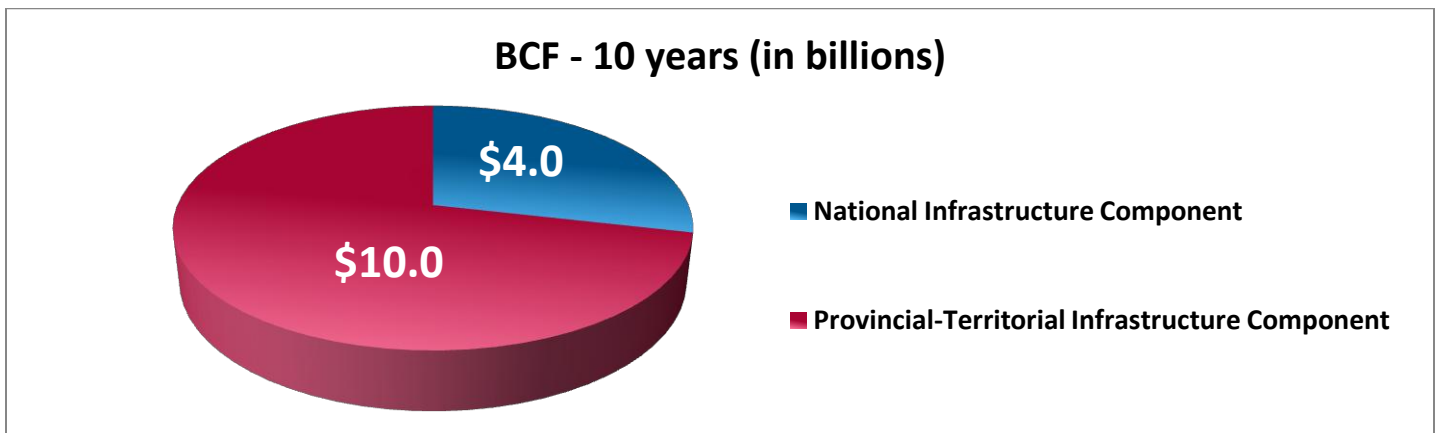
### b. An indexed Gas Tax Fund

- GTF indexed at 2% annually, which will increase the value of GTF by almost 50% in 20 years. By then, the annual national GTF program will be almost \$1 billion more than today.



## 2. New Building Canada Fund (BCF)

- The new Building Canada Plan provides \$14 billion over 10 years to support infrastructure projects of national, regional and local significance. There are two components:
  - A **\$4-billion National Infrastructure Fund** that will support investments in projects of national significance: public transit, highways, and gateway and trade corridor-related infrastructure.
  - A **\$10-billion Provincial-Territorial Infrastructure Fund** that will support projects of national, regional and local significance in communities across the country in a broader range of categories: public transit, highways, drinking water, wastewater, connectivity and broadband, and innovation.



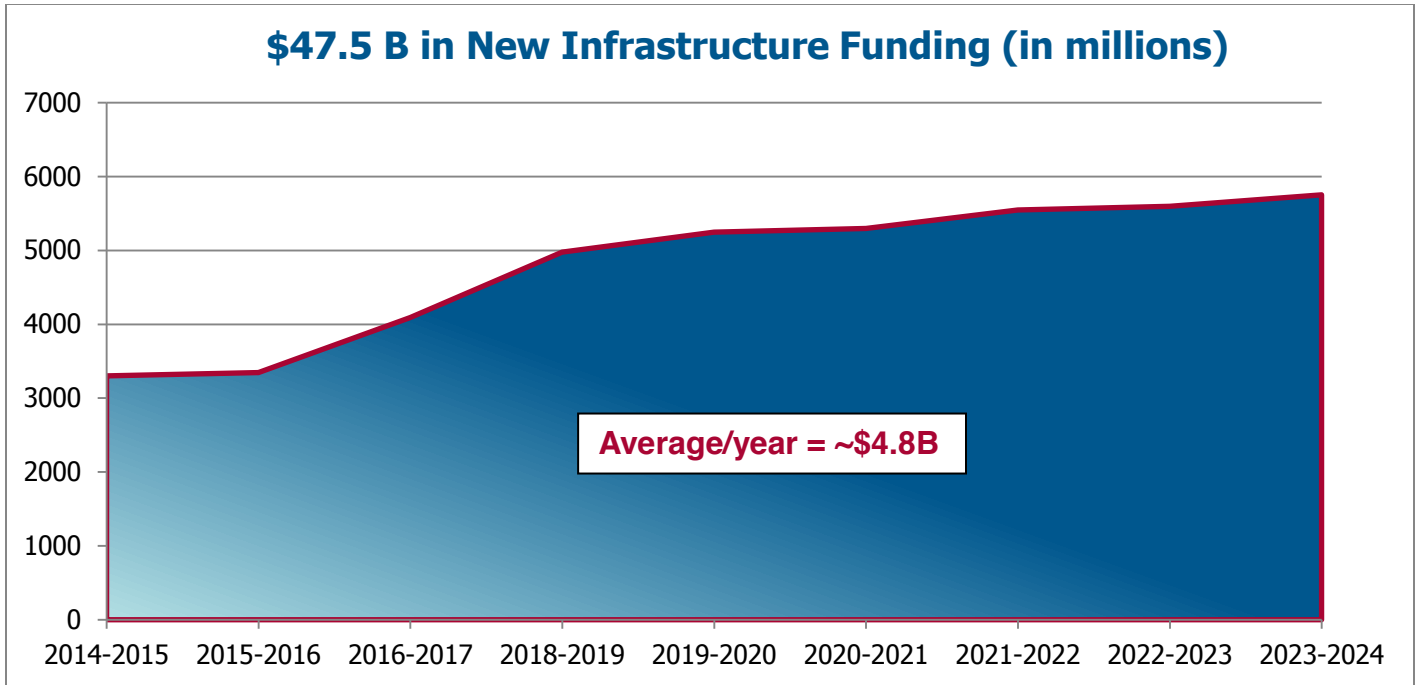
- Building Canada Fund projects worth more than \$100 million must be screened for a P3 procurement option. Criteria and details of the screen will be determined later this year.
- When rigorous analysis shows that a project can be successfully delivered as a P3 and generate positive value for money, the federal government will make P3 procurement a condition of its contribution towards that project – This is independent from the P3 Fund.
- \$10 million is set aside from the P3 Fund to cover up to 50% of the cost of assessments for procurement options and for developing municipal P3 business plans (limit of \$200,000 per project)
- Public Transit is an eligible category for both components of the Building Canada Fund. Public transit projects have historically received more than 40% of BCF funding.

## 3. Renewed P3 Canada Fund

- Building on progress achieved, Economic Action Plan 2013 provides \$1.25 billion over five years on a cash basis to renew the P3 Canada Fund to continue supporting innovative ways to build infrastructure projects faster and provide better value for Canadian taxpayers through public-private partnerships.
- P3 Canada is the Government of Canada's centre of expertise on P3s and will play a key role in supporting the application of the P3 screen for the BCF applicants.

## Similar Structure but Greater Access to Funding

- As stated in the budget, the government will direct more than \$53.5 billion to Canada's infrastructure from 2014 to 2024. Of this amount \$47.5 billion consist of new investments while \$6 billion will flow from the previous Building Canada Plan until 2018-2019 (see Table 1 in the appendix).



## Key Facts and Figures

The federal government invests approximately \$4.4 billion annually in public infrastructure through its existing programs. Through these programs, public transit infrastructure has received \$5 billion since 2006. This is a significant difference from 2001 and previous years where no federal funding was given to transit.

Previous Infrastructure Plan		New Infrastructure Plan	
2007-2014 (7 years)		2014-2024 (10 years)	
Program	Amount	Program	Amount
Municipal GST Rebate	\$5.8B	Municipal GST Rebate	\$10.4B
Gas Tax Fund	\$11.8B	Gas Tax Fund	\$21.8B
Building Canada Fund	\$8.8B	New Building Canada Fund (NIC & PT Component)	\$14B
Public-Private Partnerships Fund	\$1.25B	Public-Private Partnerships Fund (5 year)	\$1.25B
<b>Total Eligible for Transit</b>	<b>\$26.65B</b>	<b>Total Eligible for Transit</b>	<b>\$47.5B</b>
Gateways and Border Crossings Fund	\$2.1B	Remaining funding from existing programs in which transit is eligible	\$6B
Asia-Pacific Gateway and Corridor Initiative	\$1B		
Provincial-Territorial Base Funding	\$2.275B		
<b>Total</b>	<b>\$33B</b>	<b>Total</b>	<b>\$53.5B</b>
<b>2008-2012 Additional Stimulus Funding</b>			
Program	Amount		
Public Transit Capital Trust Fund (2 yrs)	\$0.5B		
Infrastructure Stimulus Fund	\$4B		

## Sources:

Visit [MarketWire.com](http://MarketWire.com) to read CUTA's Press Release;

The full text of the budget is available at: [Budget.gc.ca](http://Budget.gc.ca);

Visit [FCM.ca](http://FCM.ca) for more facts and figures on federal investments in public infrastructure.

**Table 1**

<b>Federal Support for Provincial-Territorial-Municipal Infrastructure on a cash basis, millions of dollars</b>											
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	Total
Community Improvement Fund	2,890	2,910	3,035	3,060	3,200	3,245	3,295	3,650	3,495	3,650	32,225
New Building Canada Fund	210	210	780	1,000	1,500	2,000	2,000	2,100	2,100	2,100	14,000
National Infrastructure Component	15	15	195	325	500	575	575	600	600	600	4,000
Provincial-Territorial Infrastructure Component	195	195	585	675	1,000	1,425	1,425	1,500	1,500	1,500	10,000
P3 Canada Fund	200	225	275	275	275	0	0	0	0	0	1,250
<b>Sub-total</b>	<b>3,300</b>	<b>3,345</b>	<b>4,090</b>	<b>4,335</b>	<b>4,975</b>	<b>5,245</b>	<b>5,295</b>	<b>5,545</b>	<b>5,595</b>	<b>5,750</b>	<b>47,475</b>
Existing program funding	1,858	1,672	2,208	810	484						6,032
<b>Total new Building Canada plan</b>	<b>5,158</b>	<b>5,017</b>	<b>5,298</b>	<b>5,145</b>	<b>5,459</b>	<b>5,245</b>	<b>5,295</b>	<b>5,545</b>	<b>5,595</b>	<b>5,750</b>	<b>53,507</b>

Source: Budget 2013