

Investing in Infrastructure as Economic Stimulus *Building Canada Plan 101*

The seven-year, \$33-billion Building Canada Plan (BCP), originally announced in Budget 2007, is comprised of seven separate infrastructure funding programs. Three of these programs, the Gas Tax Fund (GTF), the 100 per cent GST rebate, and some of the Asia-Pacific Gateway Fund, pre-date BCP, although the investment horizons for these programs were extended in the Plan.

Of the \$33-billion total, approximately \$18.6 billion is dedicated to municipal infrastructure: the GTF, the GST rebate and the \$1-billion “Communities Component” of the Building Canada Fund (BCF). The remainder is either for provincial/territorial and/or federal infrastructure, or is open to competition from all orders of government.

The Building Canada Plan:	Total (,000s)
Gas Tax Fund	\$11,800
Building Canada Fund	\$8,801
100 % GST Rebate	\$5,835
Equal per jurisdiction funding	\$2,275
Gateways and Borders Fund	\$2,105
PPP Fund	\$1,257
Asia-Pacific Gateway	\$977
Total:	\$33,050

Gas Tax Fund vs. Building Canada Fund

Of these seven programs, the GTF and the BCF are the most significant and best positioned to deliver stimulus spending during an economic downturn. However, the two programs are designed in completely different ways, which has a major impact on their respective abilities to deliver fast, responsible stimulus. The quickest, most efficient and effective federal funding program is the GTF, which empowers communities to start work quickly on clearly established and fully accountable infrastructure priorities. **Please see table on reverse of this page.**

Other federal infrastructure funding programs

There are two additional programs that fall outside of BCP which could also be used to deliver economic stimulus:

- Dedicated funding for public transit:** Since 2005, the Government of Canada has provided an average of almost \$400 million annually in dedicated transit funding, first through the Public Transit Fund, and more recently through the Public Transit Capital Trust. Unless an extension is granted, 2009 will be the first year since 2005 without dedicated public transit funding.
- Federal affordable housing programs:** There are three programs — the Residential Rehabilitation Assistance Program, the Homelessness Partnering Strategy and the Affordable Housing Trust — that are set to expire in March 2009. Combined, these programs have delivered almost \$2 billion over the past two to three years to develop, retrofit, renovate and operate affordable and public housing.

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Gas tax fund vs. Building Canada Fund

	Gas Tax Fund	Building Canada Fund
Budgeted federal funding	2005-06: \$600 million 2006-07: \$600 million 2007-08: \$800 million 2008-09: \$1 billion 2009-10: \$2 billion Ongoing: \$2 billion annually	2007-08: \$572 million 2008-09: \$926 million 2009-10: \$1.186 billion 2010-14: \$1.4 – 1.6 billion annually
Federal funding delivered to municipal governments	2005-06: \$600 million 2006-07: \$600 million 2007-08: \$800 million 2008-09: \$1 billion 2009-10: \$2 billion	2007-08: \$0 2008-09: unknown 2008-09: unknown
Program time horizon	Permanent program	Seven-year program, from 2007-08 to 2013-14.
Track record	All agreements signed and funding flowing since 2005.	Final agreements signed in August 2008. First round of application intakes for small projects opened this fall. Only a handful of major projects have received funding to date.
Allocation method	Allocated by population, to all municipalities in Canada.	Major projects will be selected through federal-provincial/territorial negotiations. Not all municipalities will receive BCF funding, but those who do will receive relatively significant allocations.
Cost-sharing requirements	GTF funds do not need to be matched with municipal or provincial/territorial funding.	BCF projects are generally one-third cost-shared between federal, provincial/territorial and municipal governments.
Eligible project categories	Public transit Drinking water Wastewater infrastructure Green energy Solid waste management Local roads and bridges	Core national highway system Short-sea shipping, short line railways, and local and regional airports Connectivity and broadband Tourism Water and wastewater infrastructure Public transit Green energy Solid waste management Disaster mitigation Brownfield redevelopment Roads and bridges Sports and culture
Financial restrictions	Municipalities can pool, bank and borrow against GTF funding, providing significant financial flexibility.	Projects cannot begin until all paperwork is completed, and federal and provincial/territorial approvals are given. Federal funding is generally delivered on a reimbursement basis, and is not adjusted for inflation or other unanticipated cost increases.
Incremental spending	All GTF funds must be fully incremental, and cannot displace existing funds.	All BCF funds must be fully incremental, and cannot displace existing funds.
Accountability mechanisms	Municipalities must invest GTF funds in accordance with clear eligibility criteria, guided by established, federally-approved capital investment plans. End-of-year reports are required annually to demonstrate compliance with program rules.	All projects are subject to due diligence review by provincial/territorial and federal officials to evaluate the extent to which they meet economic and environmental criteria. Significant work cannot begin until all reviews are complete and approvals signed.