National Infrastructure Summit

Gord Hume August 30, 2012

The upcoming National Infrastructure Summit in Regina is a critical opportunity for municipal leaders to join with industry, government and the private sector to talk about the steadily growing issue of Canada's municipal infrastructure deficit.

I'm honored to be one of the speakers at the conference, and there will be some excellent presenters. Part of what I'll be talking about is the need to expand our traditional definition of what is the municipal infrastructure deficit. The Federation of Canadian Municipalities set an important benchmark with its 2007 McGill University study that identified the deficit at that time at $123 billion.

That figure shocked many. The figure I will talk about in Regina will shock more, because I have a growing believe that the true figure is many times higher. The traditional 'physical' municipal infrastructure—roads, bridges, sewers, pipes—are only the starting point.

I suggest that we have to also include the Technology—what I define as our electricity grid, broadband, hi-speed, etc. We know from the Conference Board report last year that upgrading the power grid is $300 billion. I also include "Creative" as an important category, because it is through parks, libraries, vibrant downtowns, public art and so much more that cities become creative, appealing and attractive to bright young minds and companies that will create jobs.

Then we need to add in the relatively new municipal expense of tens—hundreds, sometimes—of millions of dollars that cities are paying towards university, college and hospital expansion. Frequently communities are paying a substantial portion of the capital cost to attract these sectors to the downtown core, which is then generating private sector spending on housing, retail, restaurants, bars, commercial expansion and so on.

The final piece in my definition is the urgent need to have the federal, territorial and provincial governments upgrade their responsibilities that so directly impact municipal prosperity—the Trans Canada highway, dams, ferry service on our coasts, and so on.

My guesstimate is that the real municipal infrastructure deficit is hundreds of billions over the next 20-30 years—maybe even approaching 1 trillion dollars. What is even more terrifying is that we don't know the number, we don't have a plan, and we certainly don't have the financing. And just as importantly, the public has not become very engaged with this vital issue, and municipalities have missed opportunities in federal and provincial elections to make this a prominent issue.

Our infrastructure problems are not going away—they are only going to increase. At the same time we're seeing brand new cities being built or planned in other parts of the world—China, Asia, Africa, the Middle East, India—that will become new centres of commerce, industry, and become appealing to companies and individuals.

The property tax base for Canadian municipalities is inadequate to handle the growing daily needs of towns and cities, let alone finance the growing municipal infrastructure deficit. It was never intended to pay for those kinds of costs. With the general trend to provincial and federal governments focusing on cutting expenditures and repaying debt, it is unlikely that municipalities can expect much help there—increasingly, municipalities are on their own.

The notable exception is the province of Saskatchewan, which recently began sharing 1% of its PST with its towns and cities. This is the kind of bold, innovative initiative that we need in Canada to help solve our critical municipal infrastructure deficit.