

## Federal budget promises transit spending, funding for maritime centre in Vancouver

Finance Minister Joe Oliver, fixated with the top political objective of balancing the budget this year, said **the new Public Transit Fund won't start flowing cash to cities until 2017-18 - and with only a \$250 million down payment for the entire country that fiscal year**

BY PETER O'NEIL AND KELLY SINOSKI, VANCOUVER SUN    APRIL 21, 2015



The Canadian flag flying over the Parliament Buildings.

**Photograph by:** Andrew Chong, Reader Photo

OTTAWA — With an eye to winning the affection of big-city voters, the Conservative government's pre-election budget Tuesday promised a \$1 billion-a-year permanent fund to boost transit spending and reduce commute times.

The announcement was welcomed as a boon by Metro Vancouver mayors, who are counting on federal funds to cover a third of the capital costs of a proposed \$2.4-billion subway along Vancouver's Broadway corridor and \$1.8-billion light rail project in Surrey.

The two projects are part of the mayors' \$7.5-billion transportation plan, which hinges on the success of a mail-in plebiscite this spring, which asks Metro Vancouver voters to support a 0.5-per-cent sales tax increase to fund regional transit and transportation expansion.

Dubbed the new Public Transit Fund, the new money won't start flowing to Canadian cities until 2017-18 — and with only a \$250-million down payment for the entire country that fiscal year.

**The total will rise to \$500 million in 2018-19, before reaching the targeted \$1 billion in 2019-20. The new fund will be merit-based, according to the budget, meaning that all regions shouldn't expect transfers based on their share of the population. If the money were allocated on a per capita basis, B.C.'s share would be \$32.5 million in the first year, \$65 million in the second, and \$130 million once the fund reaches the \$1 billion mark.**

"That has been a long time coming and despite the delay over the next few years, it should coincide with the major projects on Broadway and in Surrey for the construction dollars to flow," Vancouver Mayor Gregor Robertson said, adding it's a start. "It roughly fits the timeline in the mayors' plan so it should be in sync scaling up to the full \$1 billion."

The pledge falls short of the Canadian Federation of Municipalities' pre-budget plea for a dedicated and

immediate big-city transit fund of \$1 billion a year to help cities like Vancouver, where the federation says the average daily commute is 67 minutes.

The federal government will also impose a restriction on access to the new funds, saying only cities open to public-private partnerships, known as P3s, can apply.

"Canada is home to some of the world's largest and most experienced private-sector infrastructure investors," Finance Minister Joe Oliver told the House of Commons in his first budget. "This fund will require their involvement and expertise to deliver projects in a manner that is affordable for taxpayers and efficient for commuters."

Metro Vancouver mayors say while no decision has been made on what funding model would be used for the proposed rapid transit projects, the P3 requirement is not a surprise, noting both the Canada Line and the new Evergreen Line SkyTrain, which is still under construction, were funded by public-private partnerships, as was TransLink's Golden Ears Bridge.

The biggest issue, they say, is whether the controversial transportation plebiscite will pass, noting that if it doesn't, Metro Vancouver won't have its third of the money needed for the capital projects. The province has indicated it would support the projects if the public agrees to the 0.5-per-cent sales tax increase.

"If we vote no, we won't have the region's portion," said Port Coquitlam Mayor Greg Moore, spokesman for the mayors' council. "The federal government would just spend it in other cities across Canada and not in Metro Vancouver."

Oliver's budget also included millions for the TRIUMF particle physics laboratory at the University of B.C., matching funds to help the B.C. government create an International Maritime Centre in Vancouver, and financial support for an initiative to help new Canadians ship money back to poorer relatives overseas.

And in a nod to environmental concerns, there will be more money for salmon research, for fish habitat restoration, and for analysis of the impact of oil spills on coastal waters.

But there was nothing in the budget about money for waste water treatment facilities, which Robertson called "a disappointment." Metro Vancouver has been lobbying for federal funds to help pay for the costs of a new Lions Gate sewage treatment plant and upgrades to the Iona sewage treatment facility. The upgrades were required by the federal government and "those dollars need to flow urgently," Robertson said. "The (Lions Gate) project is expected to start in a few years. That remains a big question mark."

The Federation of Canadian Municipalities (FCM), in its pre-budget submission, had also called on Ottawa to provide \$300 million a year for a new Clean Water Fund, to be matched with equal contributions from provincial and municipal governments.

However, Moore said there's hope the money for waste water treatment can be found in the Build Canada Fund, which will no longer be sought for transit projects.

Infrastructure spending is expected to be a major issue in the election campaign scheduled for this autumn, with opposition parties and some economists saying heightened spending would be an ideal way to both stimulate a slow economy and ease stressful traffic snarls.

The delay in funding until 2017 was jumped on by Tom Mulcair's New Democratic Party and Justin Trudeau's Liberals, as both parties have promised their platforms will include a hefty and immediate injection of new infrastructure dollars.

"Gridlock is a huge issue and there's nothing in this for years, and it's not very much," said NDP finance critic Nathan Cullen, the MP for Skeena-Bulkley Valley.

And he said the requirement for public-private partnerships will saddle cities with unnecessary red tape.

Both Cullen and Liberal MP Joyce Murray (Vancouver Quadra), denounced the budget's income-

splitting tax break and the near-doubling of the maximum annual contribution to a Tax-Free Savings Account, from \$5,500 to \$10,000.

"It's fine for people who have an extra \$10,000 every year, or \$20,000 for couples," Murray told The Vancouver Sun. "But for middle-class families in Metro Vancouver, where debt loads are high and real estate prices are through the roof, they just won't have that kind of money."

Oliver, an MP from Toronto, where commutes average 75 minutes, said he feels the public's pain.

"I understand the frustration (of) coping with traffic and gridlock," he said, brushing off questions about the two-year delay.

He noted that cities already have access to existing funding mechanisms including the \$14 billion, 10-year New Building Canada Fund announced in the 2013 budget.

And he told reporters that most major transit projects aren't at the stage where they need the money immediately.

"These are big projects. We're talking about billion-dollar projects. They aren't shovel-ready."

The FCM had also asked the government to "protect and make permanent \$2.1 billion in annual federal affordable housing programs and investments.

The budget said Ottawa will spend \$2.3 billion annually over the next four years, including \$1.7 billion from the Canada Mortgage and Housing Corp. for social housing, with \$150 million for on-reserve housing. Aboriginal Affairs and Northern Development Canada contributes an additional \$150 million annually for on-reserve housing.

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*With a file from Rob Shaw*

#### **Among the budget items of interest to B.C.:**

- The TRIUMF particle physics laboratory at the University of B.C., which got its \$222 million, five-year base funding renewed in 2013, receives an additional five-year, \$45-million pledge starting this year to continue its research in areas such as the production of medical isotopes to treat cancer.
- The government committed \$3 million over three years, starting this year, to match funding pledged in the recent B.C. government budget to create a new International Maritime Centre in Vancouver. The centre would provide legal, chartering, brokering and market-exchange services.
- The not-for-profit Pacific Salmon Foundation is getting \$2 million to fund the Salish Sea Marine Survival Project, which is intended to "investigate the factors affecting the survival of juvenile salmon and steelhead in the Salish Sea in British Columbia," according to the budget.
- The government is expanding funding for the Recreational Fisheries Conservation Partnerships Program, established in 2013 with \$10 million over two years. The funding is being boosted with \$10 million a year for three years starting in 2016-17.
- Anxious to meet demands from the B.C. government for safer shipping to deal with proposed new oilsands pipelines, the government pledged \$13.9 million over five years to fund scientific research south of the 60th parallel (there is a separate fund for the Arctic) "in order to contribute to the knowledge base to effectively respond to oil spills in some of the highest risk areas in Canada."
- In a pitch to diaspora communities in Canada, a key target for all parties, the budget promised \$6 million over five years, starting this year, to help Canadians send money to family members overseas. A federal official said the money will be used to establish a website to help Canadians find the most

reliable and least expensive ways to ship money to their relatives.

The impact of the federal budget's tax cuts, such as income splitting for couples with younger children and the near-doubling of the maximum contribution to a Tax-Free Savings Account, could mean a reduction of \$18 million to \$30 million in federal revenue to British Columbia, said provincial finance minister Mike de Jong.

But that would barely have an impact on B.C.'s budget, he said.

"On a \$47 billion budget these are amounts that are certainly manageable for us," said de Jong.

Overall, he said Ottawa's slim surplus, which he characterized as "balanced on a razor's edge," was good news for the country's financial situation.

Ottawa's public transit fund, beginning in 2017, is an additional source of revenue B.C. hopes to tap, but the province is already seeking money through existing federal funding pots, de Jong said.

"We of course will argue and seek our share of that money," he said. Ottawa must also recognize B.C.'s unique role in the Asia-Pacific gateway in determining its priority for federal infrastructure funds, de Jong said.

He also praised Ottawa's commitment to expand forest markets in advance of what could be a looming softwood lumber dispute with the United States, as well as the federal commitment to the Maritime Centre in Vancouver.

The federal numbers show B.C. continues to be a major force in driving Canada's economy, de Jong said.

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