

# NEWS RELEASE

## Vast majority of government infrastructure spending unlikely to grow economy

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**VANCOUVER**—Only 11 cents of every dollar in new federal government infrastructure spending will be spent on highways, bridges, railways and ports—projects that can actually help improve Canada’s economy, finds a new study by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

This finding corroborates a Senate committee report from earlier this week that encouraged Ottawa to make transportation and trade infrastructure a priority.

“The federal government has pinned its economic hopes on a major infrastructure spending plan, but only a small fraction of the money is going towards projects that are likely to spur economic growth,” said Charles Lammam, the Fraser Institute’s director of fiscal studies and co-author of *Myths of Infrastructure Spending in Canada*.

The study finds that of the nearly \$100 billion in new infrastructure spending announced within the last year by the federal government, only 10.6 per cent will be spent on projects relating to transportation and trade, which have the potential to strengthen the economy by more efficiently moving people and goods across the country and to international markets.

Most of the new spending is instead going to so-called “green” and “social” infrastructure including pet projects such as new parks, community centres and hockey arenas. Although communities may value and appreciate these initiatives, there is no evidence such spending will improve economic growth.

And provincially, too, governments are only spending a small fraction of infrastructure dollars on projects that can improve the economy.

Of the Ontario government’s \$138 billion infrastructure spending over the next 10 years, just 18.8 per cent will be spent on highways.

And in Alberta, just 20.6 per cent of the provincial government’s \$34.8 billion capital plan is being spent on roads and bridges.

In addition, the study also dispels other myths of infrastructure spending in Canada. For instance, it shows that governments have in fact significantly increased infrastructure spending over the past 15 years, and the value of Canada’s total infrastructure is currently at the highest level in four decades.

“It’s a myth that governments have neglected spending on infrastructure. The issue, however, is that too few dollars are going to projects that would actually strengthen our economy,” Lammam said.

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