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Infrastructure Stimulus Fund- Performance Update

Standing Committee on Government
Operations and Estimates

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Budget Stimulus Performance

- The Parliamentary Budget Officer (PBO) released a discussion paper in February 2009 describing the information that should be provided to Parliament to enable it to fulfill its budgetary oversight role. The key properties of the information identified were that it be **accurate**, **timely**, and **easily understood**.
- The PBO also published a budget monitoring framework designed to enumerate stages of implementation for each stimulus measure and report on program performance.

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PBO's Analysis of the ISF

- The PBO is undertaking analysis of this program in an attempt to assist Parliament in understanding potential program outcomes and risks:
 - timing of project activity,
 - Government's ability to deliver appropriated funding within program timelines,
 - program's ability to meet its planned objectives to support economic growth and jobs.

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PBO has analyzed two datasets received from Infrastructure Canada related to the planned use of the Infrastructure Stimulus Fund (ISF): approved applications as of the application cut-off date of January 29, 2010 and project claims and progress reports to Dec 31, 2009.

Tables have been created for each province and territory based on the categories provided in each of the datasets. Using these datasets, PBO has prepared updated summary tables and charts for each of Canada's provinces and territories. PBO will continue to update these tables, as new information on approved claims is received from Infrastructure Canada. These tables and charts will be accessible on the PBO Web-site in aggregated form to allow users to create their own customized reports. The underlying data has been classified by Infrastructure Canada as 'Protected A'. PBO is working with Infrastructure Canada to determine which aspects of the dataset may be made publicly available.

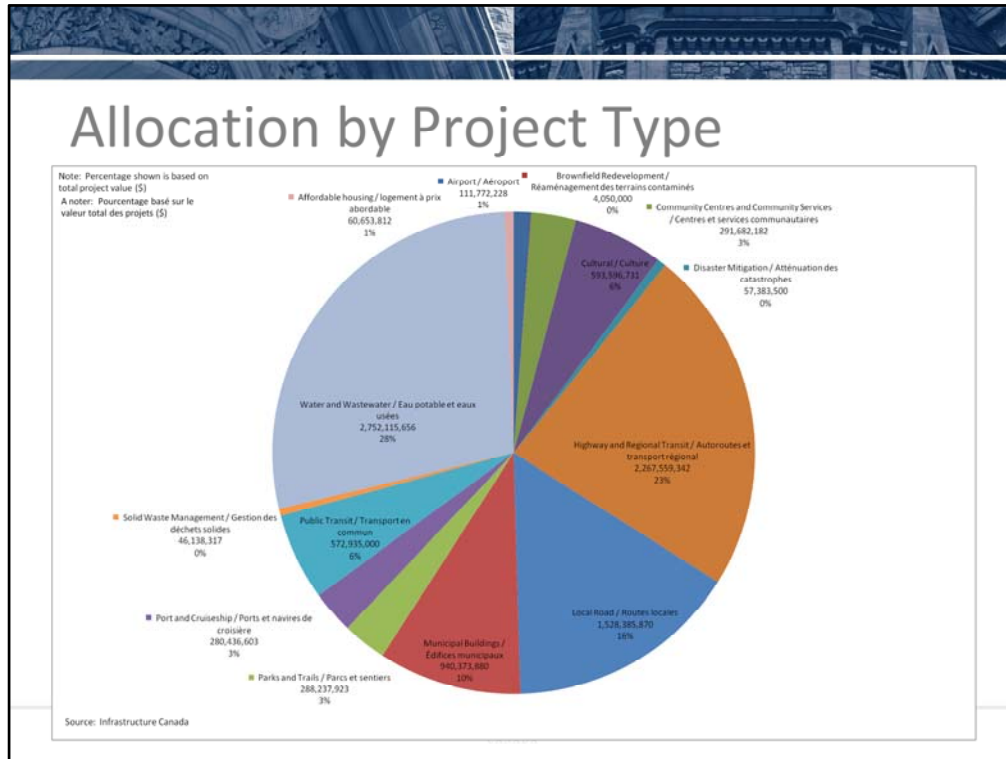
ISF Application Database

- ISF program was closed to new applications on January 29, 2010
- Final program includes 3913 projects
- Federal Contribution = \$3.66B of possible \$4B
- Total planned spending = \$9.79B
 - Includes all Fed./Prov./Municipal contributions
- Majority of projects are small (\$2.5M and less) sewer and road projects

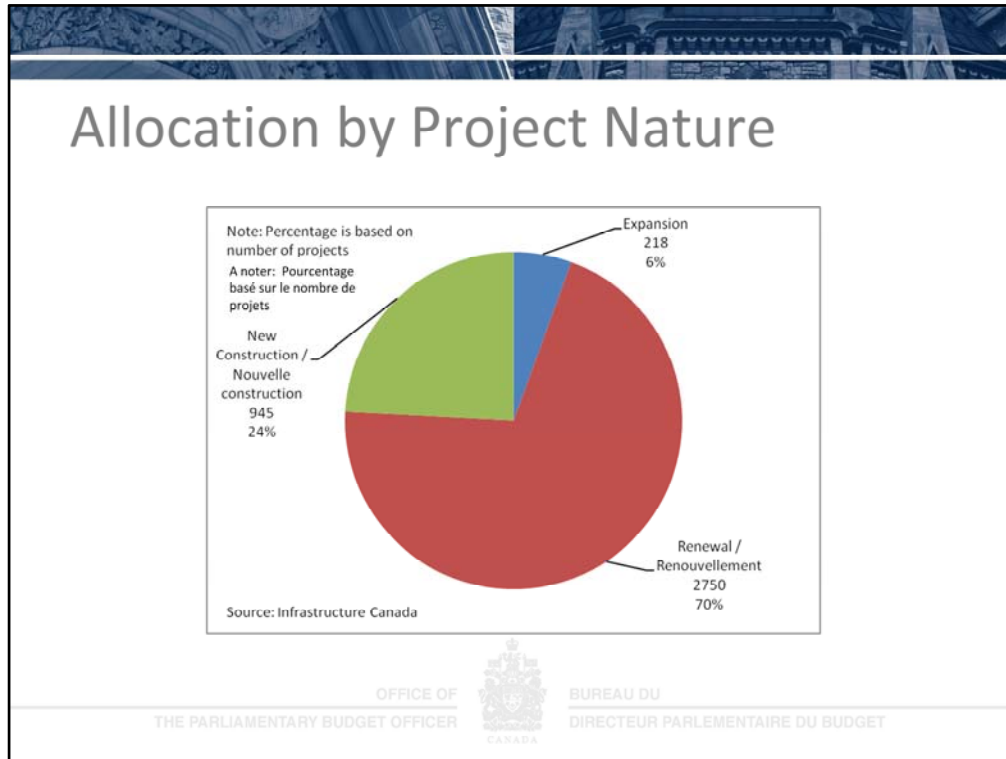
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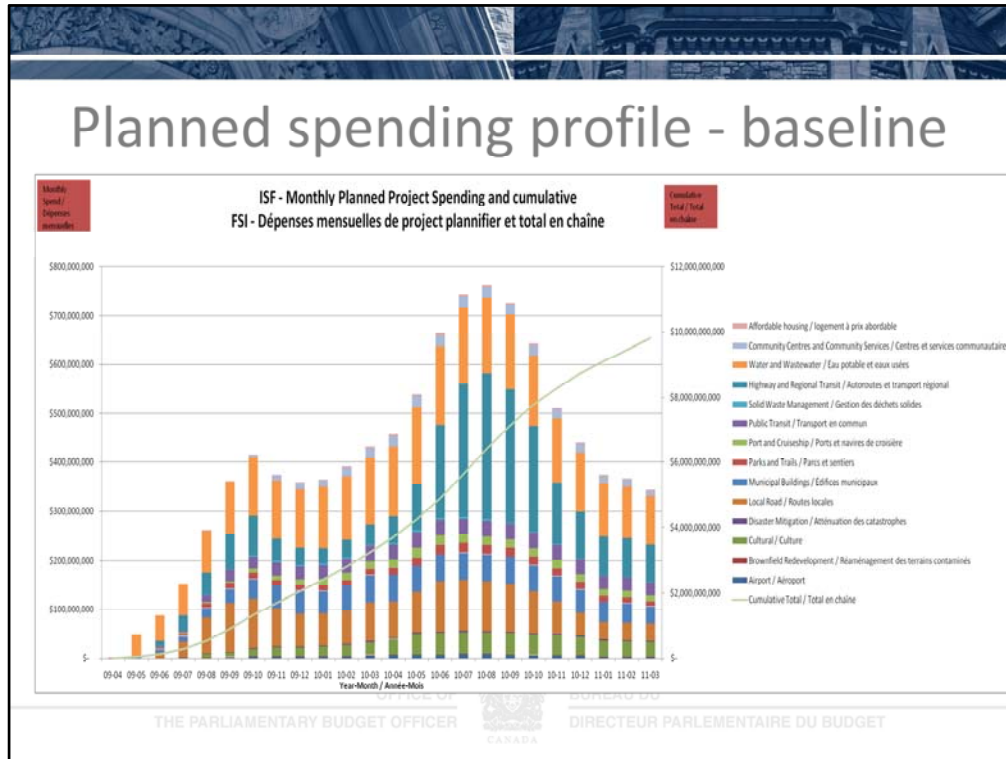
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- Most of the projects involve roads and sewers, which tend to be of small size and low complexity. The average project size is \$2.5M
- The provincial breakdown is available on our Web-site.
- Significant variability amongst project type allocations. For example, BC, Alberta, Manitoba, New Brunswick and PEI spent significantly more than the national average on highway and regional transit. Ontario's proportion was notable at only 4%.
- Quebec spent more than 50% of its ISF dollars on Water and Wastewater, more than double the national average.



- Projects can be subdivided by nature – new construction, expansion and renewal.
- Approximately, two-thirds of the projects are renewal.
- $\frac{1}{4}$ of the projects are new construction, which will mean additional ongoing operating costs for the asset owners.
- Provincial breakdown is available on our Web-site.
- Only note - Manitoba and Saskatchewan have allocated more than 50% of ISF projects to New Construction.



- This graph represents the monthly planned project spending from April 2009 to March 2011, the month that the program is slated to end. These are all of the approved ISF project applications at January 29, 2010. The data highlight significant planned spending in the summer of 2010 -- in excess of \$700 million per month.
- The line chart represents the cumulative spending over the time period, and reflects the total project value, with all levels of government's contributions accounted for.
- Provincial breakdown is available on our Web-site:
 - Some provinces show significant seasonality in their projects, while others (e.g. Ontario) are fairly stable.
 - Quebec and BC project activity tends more towards the back-end of the two-year implementation period.

December 31 progress database

- 2518 projects submitted progress reports
 - Of these projects, 17% completion was reported
 - 36% of total program projects did not submit
- Value of work completed is \$674M
 - Represents 6.8% of total program value (\$9.8b)
- 33% of the program timeframe has elapsed
- Data is insufficient to draw authoritative conclusions

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- Project recipients are required to provide quarterly progress reports to the Government of Canada (GC) along with any claims for any re-imbursement of project costs. Unfortunately, even after a second round of claims data, only 2518 projects, or 64%, have provided progress reports. All of this data is self-reported and most of it is not subject to audit by the GC. It is therefore impossible to draw authoritative conclusions about program performance from the claims data at this time.

Performance Reporting Framework

| | Plans and Expectations | Govt Reported Performance | PBO Reports | Gaps |
|----------------------------------|---|--|---|--|
| PROGRAM DESCRIPTION | | | | |
| Objective | Support provincial, territorial and municipal infrastructure rehabilitation projects | | | |
| Stakeholders | Provinces, territories, municipalities involved in infrastructure contribution and planning | | | |
| Funding Amounts | <ul style="list-style-type: none"> \$2 billion available in 2009-10 (\$4 billion available for 2009-11) | <ul style="list-style-type: none"> 1.4 billion re-profiled from 08-09 to 10-11 (see Main Estimates 2010-11) | <ul style="list-style-type: none"> \$3.66 billion of \$4 billion federal spending committed for 2-year period of the program Total program size including partners is \$7.8 billion | None |
| Delivery Partners | Partners: Provincial, territorial and municipal governments (50% cost basis) | | | |
| IMPLEMENTATION PLAN | | | | |
| Legislative Approval | Budget Implementation Act | | | |
| Key Milestones | <ul style="list-style-type: none"> I. Infrastructure Projects announced (2009-10) II. Funding transferred to each of the provinces and territories (2009-10) III. Projects underway (2009-10 construction) IV. Quarterly Progress Reports (every project) | <ul style="list-style-type: none"> I. Achieved: 2009 projects announced (Sept 2009) II. Reported: (Dec 2009) III. Some examples of projects underway (Sept. 2009) | <ul style="list-style-type: none"> Final number of 2012 projects (Jan 2010) 2010 of 2012 projects submitted progress reports as of Dec. 31, 2009 | <ul style="list-style-type: none"> Updated progress reports |
| Risks & Uncertainties | <ul style="list-style-type: none"> I. Potential delay in actual cost outlays II. Limited capacity of construction or other sectors to absorb new projects | | | PBO survey to assist in completing this section |
| EXPECTED RESULTS | | | | |
| *** Outputs | <ul style="list-style-type: none"> Number of infrastructure projects - by class of asset, by province/territory/municipality, and by project status (approved, in progress, completed) | <ul style="list-style-type: none"> 2009-10 Announced total of 200 projects (Sept. 2009) 2009-10 Announced projects total of \$7.4 billion stimulus value (Sept. 2009) | <ul style="list-style-type: none"> Project application dataset and descriptions (April 2010) Project progress (April 2010) | PBO survey to assist in completing this section |
| Outcomes | <ul style="list-style-type: none"> Increase / maintain employment and income in construction and related industries | | | PBO survey to assist in completing this section |

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- This table is the performance reporting framework that was developed by PBO for Parliament in February 2009, in an effort to support Parliament’s monitoring of the implementation of Budget 2009 measures. We refer to this as the ‘Input, Output, Outcome’ model.
- The white column represents planned performance reporting against those indicators. The light blue column represents what the government has reported to date. The green column represents PBO’s effort to supplement the government’s reporting, while the orange column represents the information that is required but is missing.

Next Step: PBO Survey

- PBO will survey key officials involved in administering ISF projects
- Survey will collect an additional data set to supplement and fill in gaps of the existing data being provided by the Government
- Upon completion of the survey, PBO will provide Parliament with a high level assessment of the outcomes and risks of the ISF program

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Existing administrative data on ISF should be merged with data derived from a PBO survey administered to several hundred officials involved in administering ISF projects. Most of these officials will be associated with local governments, but they may represent other types of organizations as well.

Once data are available (planned PBO survey to be completed in July 2010), they will be subjected to analysis that should give some useful sense of how well ISF has worked and the general nature of its impacts. Guiding principles throughout the analysis will be attempting to gauge the usefulness of a future program similar to ISF and to do so in a rigorous but practically useful manner.