

## **Ontario Budget Reaction: Stakeholders skeptical of pre-election budget pledges**

**Don Wall** April 4, 2018

Construction stakeholders are saying they welcome the Ontario's government's boost in infrastructure spending announced in its recent budget and praised its support for apprenticeship training.

But several suggested the prospect of the possible defeat of the governing Liberals in the upcoming June election means the spike in spending on new social programs and such infrastructure targets as new hospitals, schools and public transit should be viewed with significant skepticism.

Ontario Finance Minister Charles Sousa released the government's 2018 \$158-billion budget March 28, with new spending allotted for child care, dental care, a drug plan, seniors and health care and a deficit forecast to reach \$6.7 billion next year.

"This is a difficult budget because it is an election budget," said David Frame, director of government relations for the Ontario General Contractors Association (OGCA). "We don't know if another party is going to be elected in June and if they are, that party is going to significantly change the budget. So this is a budget proposal more than a budget as far as I can see."

Council of Ontario Construction Associations president Ian Cunningham remarked, "Money for hospitals and transit is good for the industry. Infrastructure should be managed in this way and this government has been sensible when it comes to infrastructure management...but this is clearly a budget to buy votes in the upcoming election."

**Andy Manahan, executive director of the Residential and Civil Construction Alliance of Ontario**, called the budget a "campaign document" and said while his and other construction associations are non-partisan, at a time when a budget is presented so close to an election, with numerous projects pledged over a 10-year time frame, it is appropriate to be concerned that a new government under Progressive Conservative Leader Doug Ford might push for changes to the Finch LRT or the Scarborough subway, for example.

"Anyone in the construction world knows that when you have done a lot of planning and you change plans late in the game you are going to drive up costs and waste a lot of sunk costs that are going into planning and engineering," said Manahan.

“With a ‘Premier Doug Ford,’ I would suspect infrastructure such as roads and highways would be safe, it is transit I am worried about.”

The budget included an extension of the Wynne government’s long-term infrastructure spending plan, with the Liberals now promising to spend \$230 billion over 14 years up to 2028 for “priority projects such as hospitals, schools, transit, bridges and roads.”

It’s only a matter of time before we all pay higher taxes to cover a budget that spends this big

— **Karen Renkema**

### **Progressive Contractors Association of Canada**

The new targets for that period are \$79 billion on public transit, \$25 billion on highways, \$16 billion for new schools and renovations and \$19 billion in capital grants to hospitals. The province also pledged an additional \$784 million in new builds, additions and upgrades to 79 schools.

For the first time, the Wynne government allocated money for construction of high-speed rail, with \$11 billion pledged for the proposed Toronto to Windsor line.

Among the new programs, the government announced a new Ontario Apprenticeship Strategy, with \$170 million to be spent over three years to expand the Ontario Youth Apprenticeship Program among others. The government will also launch a new Office of Apprenticeship Opportunity.

“We’re pleased the government recognizes the importance of more creative solutions to help apprentices and employers connect,” commented Joe Vaccaro, chair of the Ontario Skilled Trades Alliance, in a statement. “However, more creative skills training approaches are also needed, such as modular based training, to help our skilled workforce stay in step with the changing needs of the economy.”

Patrick Dillon of the Provincial Building and Construction Trades Council of Ontario also welcomed the apprenticeship plan in a statement, saying, “Skills training and apprenticeship programs are a key pillar of the construction trades but lots of work is needed to broaden the general public’s interest in the construction industry.”

But Frame said he wondered why a new apprenticeship office was being created when the role of the Ontario College of Trades is to promote the trades.

Frame also noted the budget reveals that actual spending on new transit has fallen \$2.076 billion short of budgeted allocations. In a note prepared for OGCA members, he said Ministry of Transportation officials had explained delivery dates for projects will not be impacted.

A statement from the Progressive Contractors Association of Canada (PCA) welcomes the government's continued support for infrastructure and apprenticeship programs but criticized the return to deficit spending.

"It's only a matter of time before we all pay higher taxes to cover a budget that spends this big," said Karen Renkema, PCA public affairs manager.

Even with the deficit, Cunningham noted, it can be argued the debt to deficit ratio is still at a manageable level but that could change if interest rates continue to rise. He also said it was unusual for a government to go deeper into deficit spending when the economic cycle is positive.