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Outlook 2010

Infrastructure spending must continue, industry says

Core deficit should be priority

VINCE VERSACE

staff writer

The need for continued investment in core infrastructure through 2010 is a necessary message Ontario construction must reinforce this year, industry insiders believe.

“Deficits still exist when the economy does not need stimulating and core infrastructure investments need to continue regardless of what the economy looks like,” said Karen Renkema, director, government relations, Ontario Road Builders’ Association.

“The infrastructure deficit does not go away even when the economy comes back.”

As 2009 wound down, concerns grew over mounting deficits, thanks to stimulus-related spending, at both the federal and provincial levels. The amount of core infrastructure spending in assorted 2010 budgets is a concern for construction, some say.

“The continued focus on the need for core infrastructure investment is huge, regardless of whether we try and further stimulate the economy by building sidewalks or not, we need to continue to invest in our core infrastructure,” added Renkema.

Possible new measures requiring prospective home buyers to put down 10 per cent down payments, to ensure consumers do not get in over their heads, have been discussed federally and should concern construction, said Andy Manahan, executive director, Residential and Civil Construction Alliance of Ontario (RCCAO).

“With land prices going up, new negotiated agreements (later this year) with labour that could result in some labour cost increases and the HST (harmonized sales tax) increasing the price of some houses, you already have a potential dampening effect facing the construction industry,” said Manahan.

“Further measures could further slow down construction’s robustness right now and that is a concern.”

Renkema noted that in last year’s provincial budget the Ministry of Transportation’s construction-related budget alone was to surpass \$2 billion. Will a focus on deficits change that, she wonders.

“Will that budget increase stay the course and in addition to that, how much of the stimulus work will get done — are we going to see 70 to 80 per cent of it hit this summer?”

Manahan said the continued messaging of core infrastructure’s needs, besides stimulus-related measures, is important after the inroads made in this area in 2009.

“Certainly the coming together of different governments over the past year with a focus on infrastructure stimulus was impressive,” he said. “Infrastructure, even 10 years ago, was always part of any government mandate but the recognition that this was something that was going to revive the economy was essential.”

A single Ontario ministry for infrastructure would help ensure infrastructure remains a priority, added Manahan.

A strong contingent of construction industry associations have lobbied Queen’s Park to split up the current energy and infrastructure portfolio so infrastructure will get continued focused attention.

Premier Dalton McGuinty recently indicated to RCCAO that this concern has been shared with the Gerry Phillips, Ontario energy and infrastructure minister. Any possible change could potentially occur in an anticipated provincial cabinet shuffle this month.