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Ontario budget a “coup” for construction

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The province’s continued support for infrastructure in the 2012 Ontario budget is a coup for the construction industry.

“In light of the number of restraints that the province had to take, it’s absolutely positive that not only are they tackling the provincial budget deficit, but also tackling the infrastructure deficit,” said Karen Renkema, the Ontario Road Builders’ Association’s (ORBA) government relations director.

The province has a \$15.3 billion deficit and Finance Minister Dwight Duncan said the “strong action” taken in this budget puts the province on track to balance the deficit by 2017-18.

Leading up to the budget, the construction industry was worried about cuts made to infrastructure funding, but the province is maintaining its three-year \$35 billion commitment to infrastructure and rolled forward that commitment for an additional year.

“Infrastructure is vital to the growth and development of our future prosperity,” said Ian Cunningham, president of the Council of Ontario Construction Associations. “The government understands this and is maintaining a momentum, albeit, at a slightly reduced pace.”

However, the cancellation, rescoping or delay of infrastructure projects will reduce borrowing by more than \$3 billion.

Over the next six years, the Ministry of Transportation’s (MTO) Southern Highways Plan coupled with GO Transit will receive cuts of \$1.4 billion in total, while the Northern Highways Plan will see cuts of \$208 million. A majority of these cuts will be felt during the final three years of the six-year time frame.

“Cuts to infrastructure will simply mask the fiscal imbalance over the short-term and we look forward to further conversations regarding transportation infrastructure benefits with the government as the next six years develop,” said Rob Bradford, ORBA president.

Further high-occupancy vehicle lanes will be constructed “as fiscal capacity allows,” reads the budget, and the Residential and Civil Construction Alliance of Ontario believes that this could be achieved by tolled access to high occupancy vehicle lanes being built to create highway expansion revenue.

The Ontario Sewer and Watermain Construction Association (OSWCA) is disappointed that the recommendation from the Commission on the Reform of Ontario’s Public Services, chaired by former TD economist Don Drummond, to implement full-cost pricing for water and wastewater, was not addressed.

“Both are necessary to ensure the sustainability of clean water and environmentally responsible wastewater systems. The OSWCA and its members will continue to work with both provincial and municipal governments to ensure that they understand the essential need to implement full-cost pricing models,” said the OSWCA in a release.

The budget also announced that MTO will return certain contract oversight and engineering services in-house.

“CEO (Consulting Engineers of Ontario) has long believed that the consulting engineering sector brings value for money to citizens of Ontario,” said Barry Steinberg, CEO chief executive officer. “We question the wisdom of that decision and the criteria being used to determine the value for money.”

Infrastructure Ontario (IO) will have an expanded role in the new budget, indicating a greater reliance on the Alternative Financing Procurement (AFP) model and project bundling. This will mean a different mix of projects in the market and less access for the regional members and medium sized contractors, said Ontario General Contractors Association (OGCA) director of government relations David Frame.

“We’ve been working with IO on bundling so that the bundles make sense and so they are accessible to some of the smaller employers,” said Frame. “The government has less capital and so they’re going to go to the market more. IO has more experience in this so they’re going to lean on them more.”

Over the next three years, the budget lays out a plan to create or preserve 100,000 infrastructure jobs. The budget proposes measure to target apprenticeship entry barriers for youth, Aboriginals and women.

“I believe we have a lot of work to do with government and our employer partners to attract and retain a diverse workforce that better reflects our changing society, while promoting the value of safety and workplace training,” said Patrick Dillon, Business Manager of the Provincial Building and Construction Trades Council of Ontario in a release.