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Infrastructure

Industry welcomes \$1.1 billion investment in infrastructure by Ontario

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\$1.1 billion injection of provincial funds for Ontario's municipal infrastructure is a reassuring sign for the province's construction industry, says the Council of Ontario Construction Associations (COCA).

"This announcement is magnificent for the construction industry," says David Surplis, consultant to COCA and past president. "As the economy in Ontario has had some reversals, this is encouraging to see."

Premier Dalton McGuinty announced on Monday that his Liberal government will invest an additional \$1.1 billion in municipal infrastructure to improve roads and bridges, expand public transit and build other municipal projects.

The investment is expected to create an estimated 11,000 construction jobs in the short term.

"By investing in infrastructure in every Ontario community, we're creating jobs for families and making our communities stronger," McGuinty in a statement.

Surplis says the fact the money will be distributed quickly is good news for both construction and municipalities.

This infrastructure funding will flow thanks to Ontario's Investing in Ontario Act. This act allows the government to distribute money to municipalities for infrastructure projects when it has a surplus above \$600 million.

Every municipality in Ontario will benefit from the \$1.1 billion in capital grants and \$600 million will go towards reducing the province's accumulated deficit.

This Ontario legislation parallels legislation proposed earlier this year by federal Liberal leader Stéphane Dion. The Liberal leader pledged to spend any budgetary surplus beyond \$3-billion on crumbling infrastructure if he were in power. Dion made the pledge at Federation of Canadian Municipalities' conference in February.

Andy Manahan, executive director of the Residential and Civil Construction Alliance of Ontario (RCCAO), commends the province for its continued investment in infrastructure but the method for this recent funding allocation is not helpful for planning for municipalities or construction, he says.

“While a per capita allocation would appear to be the fairest approach it might not always result in a focus on priority projects,” says Manahan. “I trust that the priority projects will receive attention through dedicated funding measures, whether through traditional government funding or user-based approaches.”

In 2007, the Ontario Chamber of Commerce did a survey of Ontario economic leaders and it found that 91 per cent of those surveyed indicated that infrastructure was the most critical need which needs to be addressed. Eighty per cent of respondents also stated that infrastructure issues will become increasingly important for Ontario's economy in the future and more than half (57 per cent) consider it the responsibility of the public sector.

With this recent announcement, the provincial government reports that it has invested a total of \$9.9 billion in infrastructure to improve highways, public transit, municipal roads and bridges, hospitals and educational facilities. Of that, \$3.5 billion has gone towards municipal infrastructure.