

Ontario stakeholders eager for details on feds' new infrastructure, housing policies

Don Wall April 14, 2022

Ontario construction stakeholders have praise that the Justin Trudeau Liberals are pledging to implement important new programs to boost housing and assist the trades during trying times while promising to reduce the deficit over the next five years.

But several are pondering the implications of cryptic or incompletely fleshed out new federal infrastructure policies contained in the April 7 federal budget – or decrying the general lack of emphasis on infrastructure.

“In the circumstances, post-pandemic, with the challenges that are confronting Canadians, it seems like a fairly prudent approach,” commented Ian Cunningham, president of the Council of Ontario Construction Associations. “There’s a focus on helping people and helping businesses meet the challenges that were created by the pandemic and at the same time creating a path to a more sustainable fiscal future. It’s getting the debt-to-GDP ratio back to sustainable levels and as we’re confronted with rising interest rates, hopefully, interest rates will remain at a place where they can stay on course.”

Finance Minister Chrystia Freeland announced the federal deficit is projected to be \$113.8 billion for fiscal year 2021-22 but is expected to decline to \$8.4 billion by 2026-27.

Progressive Contractors Association of Canada Ontario vice-president Karen Renkema remarked that the government is showing more fiscal restraint than in past years but still there will be “enormous” debt to address in the future.

“In light of the difficulties that the government is facing right now, trying to weed through the pandemic that’s supposed to end that never ends, and with the war in Ukraine, I think they provided some very thoughtful pathways in the budget,” said Renkema.

Several measures related to infrastructure policy have observers like Nadia Todorova, executive director of the Residential and Civil Construction Alliance of Ontario, looking for clarification.

The government says it would accelerate the deadline for provinces to commit their remaining funding under the Investing in Canada Infrastructure Program (ICIP) to priority projects to March 31, 2023, with any uncommitted funds reallocated to other priorities, and the government also proposes to extend the ICIP construction deadline from October 2027 to October 2033.

Additionally, the government said it intends to “create flexibility” within federal infrastructure programs by tying access to infrastructure funding to actions by provinces to increase housing supply, using the Canada Community-Building Fund, formerly the gas fund.

Todorova said she welcomes the extension of the ICIP deadline, given that it recognizes how COVID has slowed construction schedules, but wants to see more information on the other proposals.

“Flexibility can mean so many different things,” said Todorova. “When it comes to permanent, stable funding sources like the Canada Community-Building Fund, we always get nervous when additional measures start to get attached to it.”

No municipal top-up

Both Todorova and Patrick McManus, executive director with the Ontario Sewer and Watermain Construction Association, said they are concerned there was no municipal top-up funding announced to help cities with state-of-good-repair projects.

Twice during the pandemic the federal government has supported Ontario municipalities in recognition that revenues from such sources as transit ridership had dropped steeply. McManus noted the City of Toronto has already included a caveat in its new capital budget to cover possible COVID costs.

Spring tenders in Ontario ought not to be affected but late and early fall capital spending might be, he suggested.

“It’s disappointing,” McManus said. “That’s where we’ll start to see the impact.”

For Giovanni Cautillo, president of the Ontario General Contractors Association, the biggest disappointment was the lack of overall prominence for traditional ICI infrastructure. The government described housing as essential infrastructure but its formerly much-heralded \$180-billion long-term infrastructure plan, introduced six years ago, seems to be an afterthought, Cautillo said.

The support for housing is fine, he said, but new homes need supportive infrastructure in the way of roads, hospitals and schools.

“I think when they have plans to spend \$180 billion then you have to sit down and reaffirm that in the budget, saying, we’re continuing with this,” said Cautillo. “OK, what have you done with that? How much of that money has been spent? Has there been a reconciliation of that? What benefits will the citizens of Canada derive from your investment in infrastructure?”

“There was no talk on that.”

Questions about Accelerator Fund

Richard Lyall, president of the Residential Construction Council of Ontario, similarly said there were few specifics about how the proposed \$4-billion Housing Accelerator Fund and other new housing programs would work.

“The government has indicated it has earmarked \$10 billion to help ease the housing crisis but many of the proposals are demand-side measures such as assisting people to save for a down payment,” said Lyall.

“Ontario is short about 25,000 housing units a year so more measures are needed but there is a lack of specific information on how these funds will put a dent in the problem and substantially boost housing.”

Other budget proposals recognized by the Ontario stakeholders included the expansion of the Temporary Foreign Worker Program, the proposed boost of \$84.2 million over four years for the Union Training and Innovation Program, the introduction of a \$15-billion Growth Fund to attract private sector investment into the green transition and the new Labour Mobility Deduction.

McManus, who is also the chair of the Ontario Skilled Trades Alliance, had called for immigration reform prior to the budget. He said the Labour Mobility Deduction would benefit compulsory trades more than voluntary and residential trades.

“I think the initiative is great. We just need to look at how to expand that out in ways to allow voluntary trades to tap into it as well,” he said.

Renkema remarked, “The Temporary Foreign Worker Program maybe fills the gaps temporarily, but we need workers for the long term, not just for the short term.”