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Long-term, dedicated funding a top priority for industry

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Construction industry leaders support a long-term infrastructure plan with dedicated funding regardless of what party is elected today.

“Don’t keep throwing little bits of money here and there...put a funding plan in place, dedicate that funding to those expenditures and then execute,” says Consulting Engineers of Ontario (CEO) chief executive officer Barry Steinberg. “CEO does not believe in long-term investment for infrastructure...CEO

believes in investment as a result of long-term planning.”

The province faces a \$12-billion budget deficit, tacked on with a \$60-billion infrastructure deficit that continues to grow.

The Ontario Liberals announced a 10-year, \$130-billion infrastructure plan as part of their budget last month, which was later voted down.

The defeated May 1 budget mentioned an increase in the gas tax along with high-occupancy toll (HOT) lanes as revenue tools to help fund infrastructure.

Residential and Civil Construction Alliance of Ontario (RCCAO) executive director Andy Manahan is a supporter of HOT lanes and road pricing and sees it as a sustainable funding tool.

“You need a dedicated revenue source and we’ve always said that it should be something that not only results in revenue, but has some influence on congestion management,” he said.

Steinberg also supports HOT lanes as long as the money goes toward a dedicated fund for infrastructure improvements.

“Regardless of how we raise the money, we all agree that there must be a dedicated fund,” he said. “If I thought that eventually I was going to be involved in transportation infrastructure and transit infrastructure that made sense...then I would pay the toll.”

“Putting it in a general pool where we don’t know where it’s going then it has no real value,” he added “However you raise money...you have to indicate how much of that is going to whatever component of our infrastructure deficit and make sure that it’s dedicated”

The Progressive Conservative Party have said they would not increase any taxes to fund infrastructure. According to their Million Jobs Plan platform, they would fund infrastructure projects through savings and “provide additional capital dollars by investing the surpluses that come from our aggressive plan to balance the budget”.

“We’re in fundamental disagreement with some of the opposition party tactics saying that you can do it through efficiencies and cutting waste in government,” Manahan said. “To us that doesn’t represent a sustainable source.”

As the government works to bring the province’s infrastructure up to speed, they’ll also have the task of balancing the books as well.

Though, eliminating the budget deficit is important, it should not stop the government from making investment into the province’s infrastructure.

“Why is one deficit more important than the other?,” said Steinberg “We have a visible deficit that everybody would like to see gone but if we ignore the infrastructure deficit, it will grow as it grows everyday through deterioration. It will also become more expensive as time passes.”

Others agree.

“Increased investments in infrastructure have economic benefits in terms of things like productivity and GDP growth,” Manahan added.

The public-private partnership (P3) model has also been used to develop some of the province’s infrastructure projects, but it’s not a model that will work for everything.

“We have to try to be strategic about which projects are actually selected,” said Manahan. “You have to pick projects that are going to have more economic or social bang for the buck.”

A long-term plan also ensures that there aren’t too many projects being built at once because there would be issues getting enough contractors and specific tradespeople to do the work, said Manahan.

“It points me back to road pricing because it’s a user pay mechanism...and you can amortize that over a longer period of time rather than the old model of getting funding from the government more or less, all up front,” he added.

“You have to be careful, you don’t want to the turn off the taps on these things. It has to be consistent, predictable.”