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Ontario Budget 2010

Pullback of transit project cash for Greater Toronto is 'disappointing'

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Ontario's plan to save \$4 billion by postponing the construction of Greater Toronto Area transit infrastructure was met with uncertainty by various industry stakeholders.

"The infrastructure pullback on the transportation initiatives is disappointing," said Clive Thurston, president, Ontario General Contractors Association. "Besides the rail lines, there were a number of sizeable projects related to them which were being prepared for bidding that we know of. We do not know yet how those will be impacted. We will be looking to find that out as soon as possible."

In its 2010 budget Ontario's Liberal government forecasts a deficit of \$21.3 billion for 2009-10, an improvement of \$3.4 billion from the \$24.7 billion deficit forecast it published in its Fall 2009 Economic Outlook and Fiscal Review.



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Funding for rapid transit expansion projects, similar to Toronto's St. Clair Avenue streetcar project above, have been delayed by the province.

Queen's Park plans to work with Metrolinx to phase construction of transit projects, which could result in approximately \$4 billion in savings and reduced borrowing over the next five years.

The possible projects to be delayed are the rapid transit lines for Finch Avenue West, Sheppard Avenue East, the Scarborough RT, along with the Eglinton Avenue cross-town line and expansion of York region's Viva service. The possibility of these projects never coming back online is a concern, according to industry insiders.

"We have seen in the past, with the former Premier Mike Harris government killing the Eglinton subway, that moves like this can jeopardize momentum," noted Andy Manahan, executive director, Residential and Civil Construction Alliance of Ontario. "May be this points to the need to start looking at alternative funding tools for projects moving forward."

The Ontario Road Builders' Association (ORBA) is concerned about the Metrolinx project delays and the government's plan to undertake a comprehensive review of capital to be completed before the end of 2010. It is anticipated that this review will prioritize where the limited amount of funds, set aside for infrastructure, will be invested, said Karen Renkema, director, government relations, ORBA.

"The review leaves it wide open over the next year for reconsideration what projects they are actually looking at and whether they will be delaying any more projects," added Renkema. "However, it is also very clear in the budget that a lot of Infrastructure Stimulus Fund (ISF) money was not spent. We now have a ton of ISF projects headed out the door."

The province saved \$1.142 billion thanks to "revised schedules in infrastructure projects" which helped it table a lower than expected deficit in the budget, noted ORBA. The Ministry of Transportation's 2010 capital budget was increased to a total spend of \$2.035 billion but with little detail on how the funds will be divided.

"But the big question mark is, 'What is after all this?'" said Renkema.

The government's intention is to introduce a 10 year infrastructure plan in 2011, it reported.

The Council of Ontario Construction Associations (COCA) said the needs of construction can struggle to find space against the requirements of health care and education.

"It is understandable that the government had tough choices to make to balance the budget and do as much as they can with what they have," said David Zurawel, vice president, policy and government relations, COCA. "Nevertheless, it is disappointing for infrastructure and construction."

Among other announced spending delays are investments in government office space by five years, resulting in over \$1.4 billion of savings and delaying construction of the Toronto West Courthouse by one year, resulting in \$130 million in savings over four years.