

March 2017

LAB WATCH

It's budget season: How are we faring?

With Ottawa and some of the provinces having introduced their Budgets, we examine the impact on the business and operations of Canada's independent, private-sector testing laboratories.

Overall, the news has been positive to date, with much of the fiscal planning being centered on large-scale investments in infrastructure. This massive expenditure of taxpayer dollars will require rigorous oversight to ensure that standards are being met, the infrastructure lasts its expected lifetime, and value for money is realized.

To this end, CCIL will continue to advocate for the independent inspection and testing of construction materials and processes on all publicly-funded projects. We will continue to remind governments that this the only way they can be assured of the quality and safety of the infrastructure.

Federal Budget

The [federal Budget, released March 22](#), was long on promises and short on details. However, CCIL was pleased to see Ottawa's renewed commitment to infrastructure spending.



Federal Finance Minister Bill Morneau and Prime Minister Justin Trudeau (Credit: [Office of the Prime Minister](#))

The following initiatives, many already announced, are to be funded over the next decade:

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- \$20.1 billion for public transit infrastructure.
- A new National Trade Corridors Fund will invest \$10.1 billion to address congestion and inefficiencies at marine ports and along the busiest rail and highway corridors.
- \$21.9 billion for green infrastructure, including projects that reduce emissions, deliver clean water, manage wastewater and address climate change challenges.
- \$11 billion for affordable housing.
- \$7 billion to create new child-care spaces.
- \$2 billion for a broad range of infrastructure projects in rural and northern communities.

Ottawa plans to record a deficit of \$28.5 billion in 2017-18, and additional deficits in the years ahead, with no official word on when the government expects to balance the books.

Finally, the Budget forecasts an anemic GDP growth rate of just 1.7% in the coming year.

British Columbia

B.C. is headed to the polls this Spring, and Premier Christy Clark's Liberal government has a bunch of [pre-election goodies baked into its Budget this year.](#)



B.C. Premier Christy Clark (Credit: [Province of British Columbia](#))

For laboratories in the geotechnical/construction sector, there's the welcome announcement that a record \$13.7 billion will be spent on public infrastructure over the next three years. The key areas of investment will include:

- \$4.7 billion for transportation (total \$7 billion when private-sector contributions are included)
- \$2.7 billion for hospitals and health care facilities;
- \$2.6 billion for post-secondary infrastructure;
- \$2 billion to maintain, replace, renovate or expand K-12 facilities; and
- \$1.9 billion for other projects, including courthouses, correctional centres, government office buildings, and B.C. Housing.

Other good news is the phase out of the PST on electricity over the next two years, and the cut to the small-business corporate income tax rate.

This was the fifth consecutive balanced budget in B.C. The province is forecasting real GDP growth of slightly more than 2% a year over the next five years.

Alberta

Alberta is projecting a massive deficit of \$10.3 billion this year, and it expects to run deficits for six more years. Debt will more than double to \$71 billion by the end of fiscal 2019-20.



Alberta Finance Minister Joe Ceci and Premier Rachel Notley (Credit: photography by Chris Schwarz/[Government of Alberta](#))

Premier Rachel Notley's NDP government plans to continue its heavy spending as a way to stimulate the economy and help offset the impact of the steep decline in oil prices. The province says its capital expenditures program, for example, will support almost \$30 billion in infrastructure projects over the next four years, including:

- \$7.6 billion in municipal infrastructure support
- \$4.7 billion for capital maintenance and renewal of public facilities
- \$3.8 billion for climate change and environmental sustainability
- \$4.5 billion for health infrastructure including \$400 million for a new hospital in Edmonton
- \$2.6 billion for schools
- \$3.1 billion for roads and bridges

- \$100 million to help First Nations get access to clean water

There are interesting developments on the environmental front as well. A new carbon tax, launched in January, is expected to bring in \$5.4 billion over the next three years, much of it to be reinvested in green projects through the Climate Leadership Plan. Key components of this plan include phasing out pollution from coal-generated electricity, limiting oil sands emissions, cutting back methane emissions, and tripling the supply of renewable energy.

Editor's Note: Ontario has not yet tabled its 2017 Budget. We will provide an update to this report when it does.

Lab Watch is a quarterly newsletter produced by the Canadian Council of Independent Laboratories. By opening this 'window' on our sector, we hope to engage government, industry and other stakeholders in an informed discussion of the issues.

CCIL represents the independently-owned, private-sector testing laboratories in Canada. Operating more than 330 facilities across the country, our members help ensure the quality and safety of highways, bridges, buildings, other infrastructure, manufactured goods, water, food, soil, air and more.

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