

Ottawa's fall economic update could include measures to help feeble economy

If economic measures are introduced they will likely include fast-tracking infrastructure money

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Finance Minister Bill Morneau may use the fall economic update to inject life into the Canadian economy. (Adrian Wyld/Canadian Press)

The Trudeau government is considering using this fall's economic and fiscal update as a vehicle to inject some life into Canada's stalled economy, including potentially fast-forwarding billions in planned infrastructure spending.

Government insiders, however, say it would be an overstatement at this point to call the autumn update a mini-budget — though it may yet morph into that.

Sources say Prime Minister Justin Trudeau and Finance Minister Bill Morneau have had only a preliminary discussion so far about a range of measures which would ordinarily wait until next year's federal budget, but which could be ready in time for inclusion in the fall document.

The federal updates typically contain little more than fresh economic and fiscal projections, although occasionally they have included budgetary measures in the past.

The fall statement, expected in late November or early December, will be released near the end of a year that has seen the economy stuck in a slow-growth rut.

No concrete decisions have yet been made but measures under consideration include an early launch of the second phase of the government's planned \$60-billion, 10-year infrastructure program.

Morneau's inaugural budget last March included \$11.9 billion over five years for the first, short-term phase of the program, the money from which has only just started flowing and is aimed at fundamental projects like public transit, water and wastewater system upgrades.

The second phase of the program is to commit the remaining \$48.1 billion to more ambitious, economically strategic projects that are supposed to bring about "transformative change," including helping Canada make the transition to a low-carbon economy.

Any new budget measures to be aimed at growth

Government officials, who spoke to The Canadian Press on condition of anonymity, say the update could launch all or part of the second phase, in particular funding for green infrastructure and protecting the country from the ravages of climate change.

As such, its timing could be tied to just before or after the as-yet-unscheduled first ministers' meeting Trudeau is to hold this fall to develop a national climate change strategy.

The officials, who were not authorized to speak publicly about the matter, said any budgetary measures included in Morneau's update would have to fit with the central Liberal theme of creating jobs and economic growth for middle-class Canadians.

Yet there appears to be some reluctance to describe the contemplated measures as "stimulus," which would suggest an admission that the stimulus spending included in last March's budget has not had the desired effect.

Morneau has been counselling patience, arguing that the first phase of the infrastructure program and the introduction of a new, enhanced child benefit are only now beginning to have an impact on the economy. The government professes confidence that economic growth for the final six months of the year will show some improvement over the dismal first half.

'Watching economic situation very closely'

Asked Wednesday if he believes additional measures are needed to goose the economy, Morneau said: "We will continue to focus on how we can grow the economy for Canadian families and we'll take the measures necessary to do that."

A spokesman for Morneau declined to comment on the fall economic update, but said he expects the coming months to be busy.

"It will be a very substantial and meaty fall session, for sure," Daniel Lauzon said.

"We're watching the economic situation very closely and keeping our focus, again, on that long term."

Canada's real GDP contracted at an annualized rate of 1.6 per cent in the second quarter of 2016, largely due to weak exports and the fallout from the Alberta wildfires.

Looking forward, however, the Bank of Canada has predicted a third-quarter rebound of 3.5-per-cent GDP growth with oil production back online and reconstruction efforts in Alberta's oilsands region.