

Ottawa weighs skipping budget hearings amid pressure for stimulus

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Liberals are signalling that the urgency of stimulating the economy could pre-empt the parliamentary tradition of pre-budget hearings.

Turmoil in financial markets, a fading dollar, a further drop in oil prices and reduced expectations for economic growth in 2016 are all contributing to extra pressure on the Liberals to act quickly on promised stimulus spending.

One senior government official said the third week in March is shaping up as the most likely window to release the federal budget. That would give the government the two-week parliamentary recess at Easter to promote its measures.

The House of Commons finance committee usually holds extensive hearings to gather ideas from interest groups, economists and policy experts on what should be in the budget, but the government was unable to get the committee up and running before the current recess began. The House of Commons will not return until Jan. 25, and it is not clear how quickly committee hearings can be launched.

Finance Minister Bill Morneau said on Tuesday that a final decision on budget timing has not been made, but he raised the possibility of proceeding without formal input from the parliamentary committee.

“I am not sure whether the finance committee will be struck in time to get insight from Canadians. We clearly hope that’s the case, but since I can’t predict with certainty when that will happen, I can’t tell you that I have a clear answer,” he said when asked whether the hearings will occur. Mr. Morneau is conducting his own pre-budget consultations this week, and Finance Canada is accepting suggestions online. Liberal MPs have been asked to hold unofficial consultations with local officials in their ridings.

A senior Liberal MP who is likely to be elected chair of the finance committee confirmed the hearings might not happen.

“Can we still do anything on pre-budget? I’m kind of half doubtful on that. It’s going to be a very, very tight time frame,” said Wayne Easter, who added that finding a way to hold hearings – perhaps by meeting every day for two weeks – will be the committee’s priority once it is officially formed.

Over the past decade, the federal budget has most often been released in March, although there have been exceptions. The finance committee would need to complete hearings and issue a report at least three weeks before a budget to have any influence on the process. The main decisions are usually made several weeks before the budget is finalized.

The Liberals promised during the election campaign to spend an additional \$60-billion on infrastructure over 10 years for public transit, green infrastructure and social infrastructure to help stimulate the economy.

Mr. Easter said municipalities will need clarity on Ottawa's plans via a budget before April so that they can start approving projects.

"That adds to the crunch time, especially on big infrastructure projects like water and sewage and bridges and so on," he said. "The tendering process has to [start] so that you hit the beginning of construction season and not the end of it."

The Conservative and NDP MPs who are expected to be members of the finance committee are urging the Liberals to ensure pre-budget hearings do take place.

Conservative MP and finance critic Lisa Raitt said infrastructure needs should not impact budget timing because funds already in the system could be used for short-term projects.

"This can't be for show. This has to be real consultations," she said, adding that Conservative MPs are conducting their own consultations.

A report by the C.D. Howe Institute's senior policy analyst Benjamin Dachis to be released on Wednesday challenges some of the approaches the Liberals promised during the campaign when it comes to infrastructure.

For instance, Mr. Dachis recommends against creating a federal infrastructure bank that would allow municipalities to access Ottawa's low cost of borrowing for infrastructure because it could leave Ottawa on the hook if projects do not work out.

As for promised transfers of federal funds, rather than loans, Mr. Dachis said federal cash should come with few strings attached so that it goes to local priorities.

"If you're going to do these grants, you want to make sure that the kind of conditions that you impose don't create absolutely bizarre and perverse incentives for cities to be investing in poor projects," he said.

With reports from Adam Radwanski in Ottawa and Nicolas Van Praet in Montreal