

Projects facing labour crunch

Critics worried Tories' plans will face cost overruns

Michelle Lang

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As a week marked by massive pre-election spending draws to a close, the \$1.3-billion question facing Alberta is whether the province has the manpower - and capacity -- to complete government's ambitious construction wish list on time and on budget.

Unions and taxpayer groups worry an overheated construction market and chronic labour shortages will cause cost overruns and delays on the flurry of projects Alberta has announced recently, including schools, hospital redevelopments and roadwork.

In the past dozen days, spending announcements made by Premier Ed Stelmach's government totalled more than \$1 billion, according to a Canadian Taxpayers Federation tally of the promises.

The spending comes as government estimates \$245 billion worth of megaprojects are underway or slated to move ahead in Alberta over the next two years, fuelled largely by massive expansion in the oilsands.

"It's obviously a concern to us," said Gil McGowan, president of the Alberta Federation of Labour.

"(Oilsands) projects are going to require a construction workforce of more than 200,000. These public projects are just going to make it much more difficult for contractors to find the workers they need."

But Alberta's associate minister of capital planning said the government projects are part of a long-term plan, which the province also unveiled this week, and will be staged to ensure the work is manageable.

"I don't understand the negativity," said Gene Zwozdesky. "It's not all going to happen all in one day. It's a strategic plan that takes you over a period of several years."

The comments follow the Alberta government's announcement of several big-



CREDIT: Leah Hennel, Calgary Herald
 Who will build the south Calgary hospital?

ticket capital projects in recent days, including 14 new schools, a hospital redevelopment project in Medicine Hat and \$300 million to build long-term care centres around the province.

Government announcements continued Friday, with the province unveiling millions more for initiatives like upgrading supportive living units around Alberta.

The promises come in advance of an expected provincial election call next week.

But they also come at a time when Alberta faces a labour shortage and a new Calgary Economic Development forecast suggested the problems will continue in the future. The report released this week concluded 244,000 jobs, including construction positions, could be added to this city over the next decade.

In recent years, a shortage of construction workers has delayed projects, while the rising expense of materials and labour has sent costs soaring.

The south Calgary hospital, for example, was budgeted at \$550 million in 2005, but growing building costs and delays in starting the project have since pushed the price tag to \$1.25 billion.

Organizations such as the Alberta Construction Association said it's difficult to know whether the recently-announced provincial projects will face similar problems since the timelines around many of the initiatives have yet to be determined.

"We haven't really got a clear sense of the timetable," said Ken Gibson, executive director of the association. "It's tough to comment."

Calgary Economic Development agreed it's difficult to know whether there will be enough construction workers without knowing the project schedules.

Adam Legge, chief economist of the organization, said construction trades are still in high demand today, even though the market isn't quite as tight as it was 18 months ago.

Other groups, like the Canadian Taxpayers Federation, said the province will inevitably pay more for its projects. Federation officials noted the government is competing for materials and labour in a hot construction environment, with Suncor Energy announcing a giant \$20-billion oilsands expansion Wednesday.

"The manner they're going about this is going to create as many problems as it will solve," said Scott Hennig of the Canadian Taxpayers Federation.

Hennig argued a glut of government capital spending, which he said has grown from \$1 billion annually in 2002 to \$7 billion in the 2007-08 budget, is further inflating construction prices.

Frank Atkins, a University of Calgary economist, said he doubted the government projects would have a big impact on labour and materials, noting the initiatives are small compared with the massive Alberta construction market as a whole.

"It's small potatoes," he said.

mlang@theherald.canwest.com

Staffing Woes

Baby Boom Meets Day-Care Shortage

With nearly 17,000 new babies expected in Calgary for the year ending March 31, where will they all go?

There are only 1,132 licensed day-care spaces for infants in the city, with huge waiting lists.

All the while, more day cares are cutting spaces for kids younger than 19 months, saying they're not cost-effective.

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