



RESIDENTIAL AND
CIVIL
CONSTRUCTION
ALLIANCE OF
ONTARIO

RCCAO Constructing Ontario's Future

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September 27, 2018

The Honourable Doug Ford
Premier of Ontario
Queen's Park
Toronto, ON M7A 1A4

Dear Premier Ford:

Re.: Supporting your Government's infrastructure agenda

The Residential and Civil Construction Alliance of Ontario (RCCAO) advocates on behalf of the tens of thousands of hard-working men and women who are employed in the construction industry, both as union members and as employers and suppliers. Over the past decade, I have had the honour to chair the Board of RCCAO.

On behalf of our sponsoring organizations, the RCCAO commissions independent research into the issues facing not only our industry but also Ontario society. Our reports seek solutions on topics ranging from better managing traffic congestion to responsibly managing excess construction soil (we encourage you to view our just released videos on this topic). These reports have earned the respect of many, including Ontario government officials, for their objective findings and constructive recommendations.

A primary RCCAO focus since our inception has been the importance of investing in public infrastructure – from transit and waterworks to roads and bridges – and doing so smartly and efficiently for taxpayers and daily users of infrastructure. On topics such as reforming the municipal environmental assessment process, we have identified ways to streamline processes and to remove unnecessary, costly and time-consuming barriers to good public construction projects. We hope for timely action from your Government on these proposals.

Infrastructure

There is widespread support for major infrastructure investment as a priority for all governments. The record is weaker for using sound business cases and making prudent investments of public and private funds.

With this backdrop, we at the RCCAO were pleased to read the findings and recommendations of the EY line-by-line review, in relation to getting the best value from our large capital expenditures on public infrastructure and finding innovative ways to finance them. Especially important, in our view, are the EY recommendations (see excerpt at end of letter), calling for better use of data and analytics to inform decisions, to confirm performance, and to evaluate return-on-investment. We have been equally encouraged by your comments, and those of your Ministers, about looking seriously at the EY findings to transform and modernize government and the delivery of services.

Many RCCAO research reports have argued for a more business-like approach to the selection and delivery of infrastructure projects. In *Unlocking Ontario's Advantages* (2014) a case was made for more effective leveraging of our existing public assets and exploring new sources of revenues. In 2016, we followed-up with *Megatrends*, a report emphasizing the need to anticipate the

infrastructure requirements of the future, in the face of the trends changing Ontario's economy and society. This could include a lower demand for bricks-and-mortar facilities in health care and education. The report author, former deputy minister Michael Fenn, said that good infrastructure decisions serve us well economically, socially and environmentally, but the wrong decisions can burden us for generations.

Through its reports, the RCCAO, has explored ways in which Ontario could be more successful through better infrastructure and asset management priority setting. This progress begins by making best use of the tools available to us. Last year our independent evaluation of Infrastructure Ontario was positive but provided many recommendations such as increasing the capacity of the domestic infrastructure industry to encourage more qualified bidders.

Best practices of the public-private partnership model could also be employed at the municipal level to improve cost-effective infrastructure delivery. In addition, adopting evidence-informed, business-case approaches to infrastructure project selection, design, financing, construction, maintenance and operation would identify new opportunities to save taxpayers money and improve service to citizens. Now that the Canada Infrastructure Bank has been operationalized, there is also a role for the Bank to help deliver revenue-generating infrastructure projects in Ontario.

We believe that your Government would see real value in our ideas and our approach. We would welcome an opportunity to meet with you, your Ministers or their officials, to outline these ideas, which we believe would assist you in keeping your promises to Ontarians. Please contact Nadia Todorova, RCCAO's Director of Government Relations at Todorova@rccao.com or 905 760-7777.

Thank you for your consideration. We look forward to speaking with you!

Yours truly,



Phillip Rubinoff,
Chair, RCCAO

Copy to:

Hon. Peter Bethlenfalvy, President of the Treasury Board
Hon. Vic Fedeli, Minister of Finance
Hon. Monte McNaughton, Minister of Infrastructure
Ehren Cory, Infrastructure Ontario
Greater Toronto Sewer and Watermain Contractors Association
L.I.U.N.A. Local 183
The Heavy Construction Association of Toronto
Joint Residential Construction Council
Toronto and Area Road Builders Association
Carpenters' Union
Ontario Formwork Association
International Union of Operating Engineers, Local 793
International Union of Painters and Allied Trades, District Council 46
Andy Manahan, Executive Director, RCCAO

Enclosed:

- Megatrends: The Impact of Infrastructure on Ontario's and Canada's Future
- Unlocking Ontario's Advantage: Building new infrastructure on the foundation of existing public assets

Two recommendations suggested using better data and analytics to determine ROI, performance and related measures:

37. The result is that while Government understands and can report what it has made investments in, in the vast majority of cases it cannot assess whether the investment has maximized returns when measured in productivity and performance terms (i.e., how public money has been spent and what it has achieved). This must be changed, and beyond the short-term requirement to initiate a new expenditure management program, is the single most important thing Government can do from a financial management perspective.

38. This challenge is increasingly apparent the further expenditure management gets from the OPS but, paradoxically, it is where 90% of the operating money is spent and 99.8% of 15-year growth has occurred.