



October 16, 2020

The Honourable Rod Phillips
Minister of Finance
c/o Budget Secretariat
Frost Building North
95 Grosvenor Street
Toronto ON M7A 1Z1

RE: Fall 2020 Budget Consultations

The Residential and Civil Construction Alliance of Ontario (RCCAO) is pleased to submit its Fall 2020 Budget submission. RCCAO provided testimony to the Standing Committee on Finance and Economic Affairs and we were pleased to see certain recommendations, including #6 which stated that, “The provincial government should work with supportive stakeholders to aggressively advocate for federal infrastructure stimulus support on provincial priorities.” Even though we are a provincially based organization, our labour-management alliance has been actively promoting increased infrastructure funding for the past five months with the federal government, including a pre-budget [submission](#).

A primary RCCAO focus since our inception in 2005 has been the importance of investing in public works – from transit and water systems to road and bridges – and doing so smartly and efficiently for taxpayers and daily users of infrastructure. Infrastructure lays the foundation for building a prosperous and inclusive province and provides significant opportunity for economic growth, competitiveness and fostering strong Ontarian communities. The role of infrastructure has never been more important than it is now. Investing in infrastructure is one of the best ways to help Ontario recover from the effects of COVID-19.

RCCAO will thus continue to advocate in concert with the provincial government for additional federal infrastructure stimulus to support provincial priorities. Regarding more immediate stimulus, senior orders of government can play an important role by providing funds to maintain municipal assets in a state of good repair (SOGR). Most municipalities across Ontario have developed multi-year capital plans for public works projects based on asset management principles. As such, both Ottawa and Queen’s Park must accelerate infrastructure stimulus funding to counteract the troubling trend of municipal governments defunding capital programs to cover operational expenses. This new money should be provided on a flexible basis, and not a cumbersome application-based program as has been done previously. There must be program parameters, however, to ensure that stimulus finds are dedicated to SOGR capital works.

Storm clouds on the horizon: Contractors have advised us that there has been a big reduction in the number of tenders for Fall 2020 work across many types of civil construction work. While it is difficult to ascertain municipal tender activity across the entire province, in some regions the drop has been 25% or more. Municipalities cannot let maintenance and repair work diminish, otherwise there could be impacts on public safety. For the construction sector, we are gravely concerned about impending layoffs of workers, currently estimated at 25,000 direct and indirect job losses, if left unaddressed.

Over the mid- and longer-terms, defunding capital programs will lead to crumbling infrastructure, which is clearly not a recipe for competitive economic growth. Strategic infrastructure investment is recognized as a foundational element to rebuild regional economies and get the country working again. SOGR projects deliver on this dual objective and must be prioritized by all levels of government.

We also urge the Province to ***commit to investing in infrastructure at the level that was planned prior to the COVID-19 crisis and consider enhancing investments given the ongoing pandemic.*** If these infrastructure funds do not flow quickly, there will be severe social and economic consequences in 2021 and beyond.

Our [research](#) recommends that the federal and provincial governments commit to investing the same amount in infrastructure as was planned pre-crisis, with the federal government contributing additional funds to Ontario's capital budget to cover a portion of municipal operating deficits – calculated to be 56% – the balance of which would be paid by Ontario, thereby ensuring that municipalities proceed with their capital plans.

This scenario and course of action would, over the next decade, result in a gain of 61,000 jobs on average per year (0.9% more on average), as well as \$9 billion and \$13 billion in federal and provincial government revenue, respectively, compared to the status quo. These benefits increase substantially after 30 years:

10- and 30-year outcomes of the Preferred Scenario compared to baseline

Benefit	After 10 Years	After 30 Years
Average Employment gain per year	+61,000 jobs	+189,000 jobs
Federal Government Revenue increase	+\$9 billion	\$86 billion
Ontario Government Revenue increase	+\$13 billion	\$123 billion

RCCAO applauds the Province for its leadership with the federal government since the beginning of the pandemic and for the significant \$19-billion assistance through the Safe Restart Agreement. We believe that this funding is a promising start to ensure Ontario municipalities have the financial support necessary to weather the impacts of the pandemic, but more stimulus is required to support continued growth and prosperity in Ontario.

We appreciate the opportunity to provide you with our recommendations and look forward to continuing our work with the Province on these important matters.

Regards,



Andy Manahan
Executive Director



Nadia Todorova
Senior Director, Government Relations