



January 22, 2021

The Honourable Peter Bethlenfalvy
Minister of Finance
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, Ontario M7A 1Z1

RE: 2021 Budget Consultations

The Residential and Civil Construction Alliance of Ontario (RCCAO) is pleased to submit its 2021 Budget submission.

RCCAO is an alliance of key labour and management stakeholders derived from the residential and civil construction sectors. 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.

RCCAO would like to commend your government's response and leadership during these challenging pandemic times. We also want to applaud the Province's efforts and partnership with the Government of Canada on the Safe Restart Agreement in 2020. The funding contained within that agreement provided financial relief to municipalities across Ontario to help them deal with budget shortfalls caused by COVID-19.

However, municipalities are still facing significant deficits in 2021 and thus, **RCCAO is urging the Province of Ontario, in partnership with the Government of Canada, to provide municipalities with financial assistance through a Safe Restart Agreement 2.0.** RCCAO will continue to advocate in concert with the provincial government for additional federal funding to support Ontario's municipalities and infrastructure.

It is crucial that adequate funding, or at least financial assurances of such, occurs in early 2021. Otherwise, municipalities which cannot run deficits and must pass balanced budgets, will face the prospect of having to delay or cancel state-of-good-repair (SOGR) projects. This would have disastrous effects on the construction industry and the provincial economy.

Ontario municipalities have been reducing their spending and reallocating money from their Capital Budgets to their Operating Budgets to fill the deficit gap caused by the pandemic. This is especially true for municipalities with large transit systems. For example, in the City of Toronto a total of \$800 million of capital funds will be used to cover the 2021 deficit in the absence of a Safe Restart Agreement.

Infrastructure project tenders have been decreasing significantly since last summer and our members have already seen hundreds of construction workers laid off. A report that we commissioned from Prism Economics and Analysis, called [*Averting a Crisis: The Need to Protect Ontario's Infrastructure Investments*](#), found that 41,000 construction-related jobs are at risk if building permits continue to decline.



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

Investing in infrastructure is one of the best ways to help Ontario recover from the effects of COVID-19. In addition to the social benefits of infrastructure, each dollar of infrastructure spending has a positive effect on the economy: in the short-term, by supporting jobs and businesses, leading to lower levels of unemployment and a higher level of economic growth; and, in the long-term, by boosting the competitiveness of businesses, thus leading to greater wealth creation and higher living standards.

Increased investment in infrastructure also spreads throughout the economy via a series of multiplier effects. For every \$1 billion in infrastructure spending, GDP is boosted by an average additional \$1.14 billion, or an average multiplier effect of 1.46.

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

Regards,

Nadia Todorova
Interim Executive Director