

January 20, 2022

Hon. Ernie Hardeman, Chair
c/o Michael Bushara, Clerk
Standing Committee on Finance and Economic Affairs
99 Wellesley Street West
Room 1405, Whitney Block
Queen's Park
Toronto, ON M7A 1A2

Sent electronically

RE: 2022 Pre-Budget Consultations

The Residential and Civil Construction Alliance of Ontario (RCCAO) is pleased to provide comments to the Standing Committee regarding this year's provincial budget.

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.

Infrastructure lays the foundation for building a prosperous and inclusive province as well as providing significant opportunity for economic growth, competitiveness and fostering strong communities across Ontario. Investing in infrastructure is one of the best ways to help the province recover from the effects of COVID-19 and stimulate Ontario's economic activity.

As our recommendations reflect, the Government of Ontario needs to continue to focus on infrastructure investment as a path to the province's economic recovery and long-term stability. In tandem with the immediate financial focus of our recommendations, RCCAO would also like to emphasize equally important regulatory and policy-driven issues that must be addressed to ensure that industry is well equipped to succeed short- and long-term.

We appreciate the opportunity to provide you with our recommendations and look forward to continuing our work with the Government of Ontario.

Sincerely,



Nadia Todorova
Executive Director

In terms of specific issues that RCCAO would like to see incorporated into the 2022 Provincial Budget, these include:

1. Continued investment in transportation infrastructure especially for Highway 413 and the Bradford Bypass

Ontario's Greater Toronto Area is among the fastest growing regions in North America. The area expects to welcome an additional 2.8 million people over the next 25 years, with 58% of that population growth destined for York, Halton, and Peel regions. The expected population growth will increase demand for critical infrastructure for everything from water, wastewater, housing, transit systems, highways and roads. This is why we need to proceed with the construction of Highway 413 and the Bradford Bypass to create transportation infrastructure for Ontario's future.

Both projects are of vital importance to the province in terms of reducing congestion, fostering economic recovery and long-term competitiveness, improving connectivity, supporting affordable housing initiatives, and facilitating job creation.

The geography of North America and more specifically, Ontario, necessitates cars and allowances must be made for the fact that personal vehicles will always be a reality and as such, infrastructure must be built and maintained for these purposes. As reflected in the Ministry of Transportation's [Fall 2020 Discussion Paper survey](#), 75 percent of Ontarians noted that they use a car daily or one to two times a week prior to COVID-19.

Roads and highways are also essential infrastructure for the movement of goods across Ontario, which is the backbone for local and regional economies. Demand for goods has reached historic levels, especially during the pandemic, and that demand is only projected to increase as both as e-commerce takes firm hold and as the population of the region continues to grow. Building and maintaining road infrastructure increases business productivity and competitiveness by reducing the time and cost of transporting goods. It allows products to move efficiently through the supply chain and to end-use customers around the region and beyond.

Building necessary transportation infrastructure like the Bradford Bypass and Highway 413 will also provide additional benefits for the region and the province, including supporting housing initiatives such as increasing land availability and future housing stock as well as building future communities and neighborhoods.

The construction of transportation infrastructure also brings significant economic opportunities. A recently commissioned [RCCAO jobs and economic impact report](#) found that building Highway 413 will create up to 8,000 jobs a year during construction, generate \$2.3 billion in earnings for Ontario workers, create up to 600 apprenticeship opportunities to train Ontario's next generation of builders and produce \$906 million in tax revenue.

2. *The Province of Ontario, in partnership with the Government of Canada, should continue to be ready to provide municipalities with financial assistance like the Safe Restart Agreement and other similar funding programs that took place in 2020 and 2021.*

In 2020, Ontario municipalities began to reduce their spending and reallocating money from their Capital Budgets to their Operating Budgets to fill the deficit gap caused by the pandemic. This was especially true for municipalities with large transit systems, such as the City of Toronto. Through the leadership and cooperation of both the Province and the Federal Government, financial assistance through the Safe Restart Agreement in 2020 and various other provincial funding announcements provided the necessary relief to municipalities across Ontario to help them deal with budget shortfalls caused by the pandemic.

The Government of Ontario and the Government of Canada must be ready to provide the same sort of financial assistance for 2022. Given that the pandemic is still present and many of the revenue sources that municipalities rely on, have yet to recover, indications are that municipalities will again face funding gaps.

Without financial assistance, 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. Over the mid- and longer-terms, defunding capital programs will lead to crumbling infrastructure, which is not a recipe for competitive economic growth.

Funding directed at maintaining physical assets in a state of good repair can be considered a stimulus measure since it tends to be more labour intensive, and its economic impacts are more immediate. Strategic infrastructure investment is recognized as a foundational element to rebuild regional economies and SOGR projects deliver on this and must be prioritized by all levels of government.

3. *Improve the delivery timeframes of utility locates*

A key element of infrastructure and construction projects, particularly in the civil and residential sectors, is the timely delivery of utility locates. Locate requests are overseen through the One Call System, which is a mandatory system under the *Ontario Underground Infrastructure Notification System Act, 2012*. The system allows homeowners, construction contractors, developers, builders and other excavators to make one locate request to a call centre instead of the previous practice of separate calls to each of the utilities.

Ontario has a legislated deadline of five business days for a response to locate requests. Unfortunately, industry has faced chronic issues in terms of long days for utility companies to provide markings of where their underground services are located. It is estimated that 85 percent of locate requests are late. Recent statistics by One Call confirm that almost half (49 percent) of completed excavator tickets for September 2021 took longer than 15 days, with only 14 percent being completed within the legislated timeline of five days.

Although there have been some recent efforts to update One Call by-laws and compliance

policies, more is needed to ensure that infrastructure work across Ontario is not unnecessarily held up while awaiting utility locates markings. Without receiving these locates, most of the work on site cannot proceed and members are reporting consistent and costly delays because of this. For example, each hour of idle time in the sewer and watermain sector costs \$1,000; in the roads sector, the price tag is \$10,000 a day.

In late 2021, a Locates Solutions Working Group was convened, which included One Call representatives, government, industry and excavators. Through weekly meetings, various solutions to the current system were discussed and we hope to see positive regulatory changes in time for the 2022 construction season.

4. Address Ontario's labour shortage through reforms of the immigration system

This decade will see the anticipated retirement of more than 86,000 construction workers in Ontario. Considering the projected volume of work, industry will need to hire, train and retain almost 100,000 additional workers by the end of the decade. The government's focus on the skill trades, such as improving the provincial apprenticeship system, is commendable and will have positive impacts on getting people into the trades. However, the scale of the issue requires that we look beyond domestic policies and toward reforming the immigration system to help address Ontario's critical labour shortage.

Specific immigration changes that would make a positive impact to the labour supply include:

- Designating annually 1,000 of the 9,000 allocations within the Ontario Immigrant Nominee Program (OINP) for NOC Level D general labourers, who self-attest to having construction skill sets;
- Implementing changes to the OINP, such as the In-Demand Skills stream, by expanding the list of eligible professions to include NOC skill level C and D positions; and
- Ensuring that the application process for various OINP streams, particularly the In-Demand Skills stream, is not overly onerous as to disincentivize employers, especially small-and-medium sized ones, from participating.

Given that immigration is a shared responsibility between the Government of Ontario and the Government of Canada, we urge the Province to continue collaborating with the Federal Government to ensure that Ontario benefits from any immigration reforms that take place.