

Written Submission for the Pre-Budget Consultations in Advance of the Upcoming 2023 Federal Budget

By: Residential and Civil Construction Alliance of Ontario

RECOMMENDATION 1: The Government of Canada, in partnership with the Government of Ontario, should continue to be ready to provide municipalities with financial assistance as cities recover from the pandemic.

RECOMMENDATION 2: To address Ontario's acute labour shortage, the Government of Canada should reform aspects of the immigration system.

RECOMMENDATION 3: The Government of Canada should collaborate with provincial governments on innovative methods to facilitate and streamline infrastructure and other projects, such as advancing electronic permitting and approvals.

February 10, 2023

Hon. Chrystia Freeland, P.C. M.P.
Deputy Prime Minister and Minister of Finance
Department of Finance Canada
90 Elgin Street
Ottawa, ON K1A 0G5

Submitted electronically

Dear Minister Freeland:

RE: RCCAO 2023 FEDERAL PRE-BUDGET CONSULTATION SUBMISSION

The Residential and Civil Construction Alliance of Ontario (RCCAO) is pleased to provide you with recommendations for the 2023 Federal Budget.

RCCAO is a unique alliance of key labour and management stakeholders derived from the residential and civil construction sectors. Working together to promote positive change, our members build the homes, transportation networks, water systems and other critical infrastructure that is significant to the living standards of Ontario residents and businesses.

Our members include the Greater Toronto Sewer and Watermain Contractors Association; Heavy Construction Association of Toronto; International Union of Operating Engineers, Local 793; Joint Residential Construction Association, LiUNA Local 183; Ontario Formwork Association; and Toronto and Area Road Builders Association.

A primary focus of RCCAO since our inception has been the importance of investing in core public infrastructure – from transit and waterworks to roads and bridges – and doing so smartly and efficiently for taxpayers and daily users of infrastructure.

Infrastructure lays the foundation for nation building and provides significant opportunities for economic growth, competitiveness, and improved quality of life. As we consider the population projections for Canada and Ontario – 57 million by 2068 and 21 million by 2043, respectively – and the current infrastructure deficit that exists, estimated to be as high as \$270 billion, it is imperative that investment decisions today carefully consider where we may be tomorrow.

The expected population growth will increase demand for infrastructure in a significant and transformational way on everything from transit systems, highways, roads, bridges to water, wastewater and housing. A comprehensive plan that considers several elements such as infrastructure investments, a long-term pipeline of skilled trade workers, and innovative ways to streamline the regulatory approvals process is necessary. Taken together, these are what is needed to ensure that Canadians prosper.

Thus, RCCAO has the following recommendations for the Government of Canada as it works on its 2023 Federal Budget:

- 1) **The Government of Canada, in partnership with the Government of Ontario, should continue to be ready to provide municipalities with financial assistance as cities recover from the pandemic.**
- 2) **To address Ontario's acute labour shortage, the Government of Canada should reform aspects of the immigration system.**
- 3) **The Government of Canada should collaborate with provincial governments on innovative methods to facilitate and streamline infrastructure and other projects, such as advancing electronic permitting and approvals.**

All these recommendations are equally important and must work in cohesion to ensure that the Government of Canada is taking a proactive, long-term view of how to continually improve the social and economic well-being of Canadians.

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

Regards,



Nadia Todorova
Executive Director

Recommendation 1: The Government of Canada, in partnership with the Government of Ontario, should continue to be ready to provide municipalities with financial assistance as cities recover from the pandemic.

RCCAO commends the Government of Canada for the leadership role it has taken over the last three years as Canadians faced the unprecedented impacts of a global pandemic. That leadership was particularly pronounced in collaborating with provincial, territorial and municipal governments to ensure that cities had the necessary tools to address the pandemic's impacts on their capital and operating budgets. Funding mechanisms contained in the Safe Restart Agreement in 2020 and the doubling of the Gas Tax transfer in 2021, provided necessary financial relief and certainty to municipalities across Ontario to help them deal with budget shortfalls caused by COVID-19.

The pandemic's impacts are still being felt across cities and many of the revenue sources that municipalities rely on have yet to fully recover. Prior pandemic financial assistance has been fully allocated and cities are still facing funding gaps in their 2023 budget. This is especially true for municipalities with large transit systems, whose ridership remains much lower than pre-pandemic levels. For example, the City of Toronto is facing a \$997 million budget deficit this year. That would be the jurisdiction for which RCCAO membership would most acutely be affected by a funding shortfall, but similar dilemmas exist in municipalities country wide.

Thus, RCCAO is urging the Government of Canada, in partnership with the Province of Ontario, to provide municipalities with additional and renewed financial assistance for their 2023 budget. RCCAO will continue to work in collaboration with all levels of government to ensure that funding is allocated to shovel-ready projects that can be immediately tendered, protect a high number of jobs, and address critical infrastructure renewal.

The Government of Ontario has expressed their willingness and readiness to provide financial assistance to municipalities. RCCAO is urging the Government of Canada to collaborate with the Government of Ontario once again and provide municipalities with financial assistance that bridges the extraordinary budget gap caused by the pandemic and provides certainty.

Without additional funding support, municipalities, which legally and operationally cannot run deficits and must pass balanced budgets, will face profound, material, and sustained impacts on their capital programs that would include delays and cancellations of state-of-good-repair (SOGR) projects. This would have disastrous effects on the construction industry and the provincial economy.

Without funding support, municipalities will be forced to decrease project tenders, which would immediately result in a significant number of construction workers being laid off. RCCAO's commissioned [economic research](#) indicates that 41,000 construction-related jobs are at risk if building permits decline by even a third. This level of job losses would directly impact Canada's economy and have long-term repercussions for the state of Ontario's infrastructure, which will deteriorate due to deferrals of needed repair work, something we cannot afford as Canada continues to build back from the COVID-19 pandemic.

Over the mid- and longer-term, defunding capital programs will lead to crumbling infrastructure, stifling competitive economic growth. Strategic infrastructure investment is recognized as a foundational element to strengthening regional economies and SOGR projects should be prioritized by all levels of government.

Recommendation 2: To address Canada's skilled trades labour shortage, the Government of Canada should reform aspects of its immigration system

In addition to ensuring that projects are funded, another essential element of delivering critical infrastructure is having the necessary workforce to build these assets. It is imperative for the Government of Canada to reform the immigration system, which would allow for the development of a long-term pipeline of skilled talent.

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 this decade. The labour supply shortage is one of the single biggest challenges facing the Ontario construction market and if not addressed, can threaten our ability to build the critical infrastructure needed.

The Government of Ontario has extensively focused on the skilled trades over the last several years. Efforts such as improving the provincial apprenticeship system will positively impact recruitment in the trades which is commendable. 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.

RCCAO applauds the Government of Canada and Minister Fraser for their collaborative approach with the Government of Ontario and Minister McNaughton. The commitment to signing a historic Canada-Ontario Immigration agreement is welcomed and once details of the agreement are finalized, RCCAO will continue working with both levels of government to ensure that any expansion of the skilled and construction labour pools is realized.

RCCAO was also delighted by the January 20th announcement of the expansion and extension of the immigration program for out-of-status construction workers in the Greater Toronto Area. This valuable pilot recognizes the critical role construction workers play in building Ontario and offers them and their families a path to permanent residency. RCCAO would like to see this program further expanded and made permanent to assist in meeting the labour requirements of our industry. Considerations should also be given to creating pathways to permanent residency for all construction workers that are here on any work permits.

RCCAO would also like to see the amendment of the Federal Skilled Trades Stream (Express Entry) to recognize NOC Level C and D occupations in construction. Specifically, workers with skill sets in the CCW and carpentry trades who are not registered apprentice or CofQ holder. The Government of Canada recently added 16 new occupations to the Express Entry stream and RCCAO would like to see NOC Level C and D occupations added to this stream.

RECOMMENDATION 3: The Government of Canada should collaborate with provincial governments on innovative methods to facilitate and streamline infrastructure and other projects, such as advancing electronic permitting and approvals.

Investment in digital infrastructure will ensure that standard business practices such as submitting documents and applications can be sped up. In the development and building sectors, the way permits are issued could be dramatically altered by the provision of online services. Streamlining services would not only speed up construction, but also help to ensure faster distribution of earmarked government funding.

As digital processes become embedded into business models and operations, it is imperative that all of Canada's companies have the capacity to operate in the new ecosystem. Funding digitization, as is being done in other sectors, will enable the government to close gaps that exist and keep business operating as well as ensure that infrastructure work is sped up by removing paper-based process barriers.

The federal government can work with other levels of government to encourage the use of e-permitting in the planning, engineering/design and building approvals functions. A comprehensive e-permitting system would allow for all approval authorities (municipal, regional, provincial and external agencies) to be linked together on a common platform. An e-permitting system with proper capability facilitates prompt and transparent communication between applicants, consultants and approval authorities to achieve better and streamlined outcomes.