

February 10, 2022

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

RE: RCCAO 2022 FEDERAL BUDGET SUBMISSION

The Residential and Civil Construction Alliance of Ontario (RCCAO) is pleased to provide you and your government with our 2022 Federal 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 has been the importance of investing in public works – from transit and water systems to roads and bridges – and doing so smartly and efficiently for taxpayers and daily users of infrastructure.

RCCAO commends and applauds the Government of Canada for the leadership role it has taken over the last two 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.

Given that the pandemic is still ongoing and many of the revenue sources that municipalities rely on, have yet to recover as well as the fact the previous pandemic financial assistance has been fully allocated, municipalities are again facing funding gaps in their 2022 budgets. This is especially true for municipalities with large transit systems, whose ridership remains much lower than normal. For example, the City of Toronto's 2022 operating budget includes \$1.4 billion in losses. That would be the jurisdiction for which RCCAO membership would most acutely be effected 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 2022 budgets. 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, including additional funding to the Gas Tax program, which was announced in mid-January. 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 financial assistance, or at least assurance of such, 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 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 economic recovery and have long-term repercussions for the state the Ontario's infrastructure, which will deteriorate due to deferrals of needed repair work.

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 SOGR projects deliver on this and be prioritized by all levels of government.

Infrastructure lays the foundation for building a prosperous and inclusive province and country as well as providing significant opportunity for economic growth, competitiveness and fostering strong communities. Investing in infrastructure is one of the best ways to help Ontario and Canada recover from the effects of COVID-19, and support the economy over the short and long-term.

We would be pleased to discuss in greater detail the roadmap that we believe is crucial to ensuring that Canada, its economy and social welfare bounce back from the pandemic in a strong and competitive way. 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

Copy to:

Rt Hon. Justin Trudeau, Prime Minister of Canada
Hon. Dominic LeBlanc, Minister of Intergovernmental Affairs, Infrastructure and Communities