RESIDENTIAL AND
CIVIL
CONSTRUCTION
ALLIANCE OF
ONTARIO
RCCAO
Constructing Ontario's Future

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RE: Building the Canada We Want in 2050 – National Infrastructure Assessment

The Residential and Civil Construction Alliance of Ontario (RCCAO) is delighted to provide its feedback on Canada's first National Infrastructure Assessment. A national assessment is a crucial step toward addressing the critical issues facing the infrastructure sector and proposing evidence-based solutions that will be essential to determine the infrastructure needs to support future growth across Canada.

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.

A primary RCCAO focus 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 opportunity for economic growth and competitiveness. Infrastructure will not only play a crucial role in the country's post-pandemic economic recovery but will also continue to be a core building block of strong Canadian communities.

In the following pages, RCCAO will provides its commentary on the three assessment priorities. Our responses are based on the comprehensive evidence-based research that RCCAO has commissioned over the years as well as expertise and feedback provided by our members.

We commend the Federal Government for initiating this national assessment and applaud the forward-thinking it entails. At the same time, there are many infrastructure issues that remain pressing and require immediate attention, including the impact of the pandemic on infrastructure management and investment, that the Federal Government should continue to prioritize.

We look forward to continuing our engagement and collaboration with the Federal Government and the Ministry of Infrastructure and Communities on vital infrastructure issues across Canada.

Regards,

Nadia Todorova
Executive Director

ASSESSING INFRASTRUCTURE NEEDS AND ESTABLISHING A LONG-TERM VISION

As we look toward 2050, one of the most important consideration regarding Ontario's infrastructure needs stems from the population growth that is expected to occur. For example, the Greater Golden Horseshoe is one of the fastest-growing regions in North America. It is expected to attract 1 million new people every five years, reaching nearly 15 million by 2051. That is a population increase of more than 50 percent compared to today.

The expected population growth will increase demand for major infrastructure across Ontario, such as transit systems, highways, roads and bridge networks, water and wastewater, and housing. There is significant work underway on some of this necessary infrastructure, such as the ongoing work on the four priority subway projects in the Greater Toronto Area (GTA), including the Ontario Line.

However, to adequately address the expected population growth and ensure Ontario's economic competitiveness, there must be continuous focus on critical infrastructure. This includes undertaking significant highway expansion across the province to facilitate trade corridors; continuing with the current and future transit expansion projects; dedicating funds to address aging water and wastewater systems and streamlining the current slow and uncertain development and building approvals process in the GTA.

As part of the Federal Government's 2050 infrastructure vision, equal consideration must be given to both multiyear, legacy-type infrastructure projects, such as the Ontario Line, as well as the perhaps less glamorous, but no less vital everyday state-of-good-repair projects (SOGR). These types of projects, the regular infrastructure maintenance work seen across cities year-round, are an important source of employment and ensure that critical infrastructure is operating efficiently and safely. Significant cost savings can be achieved by ensuring that existing infrastructure is optimized before new infrastructure is built. SOGR projects are crucial in ensuring that capital assets are kept in a condition in which they can operate at a full level of performance.

IMPROVING COORDINATION AMONG INFRASTRUCTURE OWNERS AND FUNDERS

As we examine coordination among infrastructure owners and investors, it is important to consider the role that innovation and technological shifts will play. For example, digitization may have a key role in infrastructure development by helping to modernize traditional approval processes, provide real-time metrics, improve electronic permitting, facilitate data harmonization between agencies, municipalities, and governments as well as result in improved regulatory compliance.

There needs to be a greatly expanded use of electronic permitting in the planning, engineering, and building permitting areas of infrastructure development. A comprehensive electronic 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 allows transparent and cohesive dialogue between applicants, design consultants and approval authorities to facilitate streamlined approvals.

Governments should work to foster innovative methods of doing business and leverage the expertise and knowledge of the infrastructure and construction industry as part of these efforts.

DETERMINE THE BEST WAYS TO FUND AND FINANCE INFRASTRUCTURE

There is a significant infrastructure deficit present across the country, with estimates ranging between $110 million and $270 billion. In Ontario, the municipal infrastructure deficit is estimated at about $60 billion, with recent studies calculating that $34.7 billion is attributed to roads and bridges alone. These figures highlight that despite recent record infrastructure investments by federal and provincial governments, significantly more capital infrastructure investments are necessary.

Investing in infrastructure, both short- and long-term, is one of the best ways to stimulate the economy, create jobs and facilitate economic competitiveness. In addition to the social benefits of infrastructure and the creation of a hard asset at the end of construction, 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 $1.46 billion, or an average multiplier effect of 1.46.

The pandemic presented challenges for SOGR projects as municipalities facing significant operating pressures, especially those with large transit systems, used funds from their capital budgets to offset their operating budgets. This created a period of uncertainty as capital project tenders dropped precipitously in 2020, early 2021 as municipalities delayed SOGR projects to balance their budgets.

Fortunately, through the leadership of the Government of Canada and in cooperation with the Government of Ontario, critical funding was provided to municipalities through the Safe Restart Agreement and other funding mechanisms to avoid deferring or cancelling of capital projects. However, this has served to strengthen the fact that consistent and predictable infrastructure investment programs are key to ensure there is a sustainable investment pathway for municipalities.

Furthermore, infrastructure funding for capital projects should be based on evidence-based, business-case approaches, supported by asset management plans for municipal projects. The existence of municipal asset management plans will facilitate the prioritization of early works. Projects identified in these plans have been previously vetted and planned for at the municipal level. They have helped municipalities to stage projects in a way that meets their demands for efficient growth and prioritize projects based on need. By utilizing these plans to select projects for investment, Ontario will be able to reduce the application timeline, and by encouraging the federal government to also utilize these criteria, investments can be made expeditiously, without the lag-time experienced in past programs that required the federal application and selection processes.

The federal government should not get involved in project selection at the municipal level for infrastructure funding where a province has a regulated process for Asset Management Plans. Instead, the federal government should establish broad governing criteria for how funding should be used (e.g., funding distribution; utilization of regulated asset management plans) and then rely on the Province to be the arbiter of project selection. This would ensure that projects are staged in a manner that best meets the municipality's demands for efficient growth and would also reduce or eliminate the lag-time experienced in past federal programs which entailed an application process.

Organizations such as Infrastructure Ontario and the Canada Infrastructure Bank (CIB) will be key players in the delivery of major infrastructure projects. Crown agencies and corporations play an important role in the infrastructure financing discussion both at the provincial and federal level. The CIB could play a vital role by providing capacity for new financial tools that eliminate market or "viability" gaps, which would otherwise prevent priority projects from coming online. Further, the investment capabilities of the Bank could be useful for financing infrastructure projects. In the meantime, Infrastructure Ontario would be vital in ensuring that public-private partnerships in Ontario are able to work effectively.

It is important to note that for public-private partnerships to remain a viable and successful financing concept, risk allocation must be equitably shared and managed between contractors and the contracting authority.