



October 11, 2022

Infrastructure Canada
180 Kent Street
Suite 1100
Ottawa, Ontario K1P 0B6

Sent electronically

RE: Public engagement on permanent public transit funding in Canada

The Residential and Civil Construction Alliance of Ontario (RCCAO) is pleased to provide feedback on the Government of Canada's investment of \$3 billion annually in permanent public transit funding beginning in 2026-2027. RCCAO applauds the Government of Canada for making this investment available with the aim of supporting the expansion and upgrading of public transit and transportation networks in communities 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.

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 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, including transit and transportation, 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.

The pandemic has shown how dependent municipalities are to operational revenues from consistent public transit ridership. The pandemic presented challenges as municipalities faced significant funding pressures, especially those with large transit systems such as the City of Toronto, were forced to use funds from their capital budgets to offset operating shortfalls. This had particularly negative consequences for state-of-good-repair (SOGR) projects as capital project tenders dropped precipitously in late 2020 and 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 further revealed the need for consistent and predictable infrastructure funding programs are key to ensure there is a sustainable investment pathway for municipalities.

The pandemic's impacts are still being felt across cities and many of the revenue sources that municipalities rely on have yet to recover. Prior pandemic financial assistance has been fully allocated and, municipalities are still facing funding gaps in their 2022/23 budgets. For example, the City of Toronto's 2022 operating budget includes a \$857 million deficit.

Thus, an important consideration for the Government of Canada as it develops the mechanism to allocate permanent transit funding is to prioritize municipalities with transit systems already in place and distribute the funding on a per capita basis in those cities. This will ensure that the funding is addressing the needs of municipalities and transit system that need it most.

Stable and predictable funding support will allow municipalities, which legally and operationally cannot run deficits and must pass balanced budgets, to avoid profound, material, and sustained impacts on their capital programs that would include delays and cancellations of SOGR projects.

Without stable funding, 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 recover from the effects of the COVID-19 pandemic.

RCCAO commends the Government of Canada for committing to this annual permanent public transit funding and believes that it has the potential to provide much needed financial assurances to cities as they look to optimize and maintain their public transit systems. We appreciate the opportunity to provide you with our recommendations and look forward to continuing our work with the Government of Canada.

Sincerely,



Nadia Todorova
Executive Director