RCCAO claims feds infrastructure funding shortfall limits growth prospects

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The federal government is underfunding municipalities and public infrastructure, while reaping the greatest proportion of tax dollars from high-tax policies on homebuilding. Cumulative underinvestment in public infrastructure across all three levels of governments in Ontario reveals the federal government has the greatest capacity to close the gap to the best practice recommendation of 4% of GDP spending on public infrastructure. These are among the ground-breaking findings revealed in an economic analysis report.

The research showed public infrastructure investment is 30% below what economic analysis recommends, while production taxes on new housing construction are the highest of any sector. The research report, *"Will Feds Answer the Call? Infrastructure Investment Lags Amidst Highly Taxed Housing Construction"* was authored by the Canadian Centre for Economic Analysis and commissioned by the Residential and Civil Construction Alliance of Ontario (RCCAO).

"The high taxes on housing construction and underinvestment in public infrastructure is a problem the federal government is uniquely positioned to resolve," said Nadia Todorova, Executive Director of RCCAO. "Ontario cannot realize economic and immigration growth goals without the support of the federal government increasing funding for public infrastructure."

In light of the research findings and industry challenges, RCCAO is calling on the Government of Canada to:

- Increase public infrastructure funding to enable immigration and economic growth policies to be realized.
- Provide long-term, sustainable funding to municipalities to enable greater investment and planning in public infrastructure development and maintenance.
- Continue expansion of immigration programs that welcome skilled construction workers to Canada to address infrastructure and housing labour force challenges.

Key findings from the report:

- 2X – The tax burden on new home construction is two times higher compared to the rest of the economy.
- 39% – The federal government's share of new home construction taxes, while only investing 7.1% in public infrastructure.
- 71% – Without immigration, Ontario's dependency ratio would grow to 70.7% by 2050, roughly where Japan is currently. A high dependency ratio means that there are fewer people of working age to support a dependent population, like children and seniors.
- 31% – The total purchase price of a home in Ontario contains at least 30.7% of taxation revenues in total.
- $0.39 of every $1 in taxes – The federal government receives 39 cents of every $1 of tax revenue generated from the construction of a new home in Ontario, yet it only pays 7 cents of every $1 invested in public infrastructure in Ontario.

Read the full report here.