

More work needed, RCCAO warns

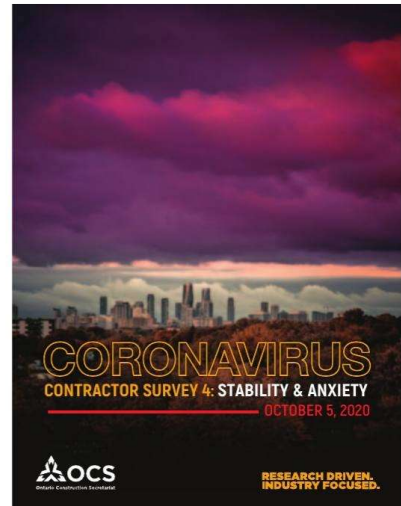
A survey released by the organization says the province's civil and engineering firms are seeing fewer tenders being issued for municipal work.

COVID-19 has significantly affected Ontario's civil and engineering contractors and resulted in a dramatic drop in tenders being issued for municipal projects.

This is the key finding of a survey released by the Residential and Civil Construction Alliance of Ontario (RCCAO), and which was prepared by the Ontario Construction Secretariat (OCS) as part of the OCS's series of surveys about

contractors' experiences and expectations regarding the coronavirus pandemic.

The survey, which was released on October 20, polled 200 industrial, commercial and institutional contractors, and 100 civil/engineering contractors from across the province over a 10-day period in September. While many commonalities exist between ICI and civil/engineering firms, such as con-



cerns over the impacts of a second COVID-19 wave, the ability to access skilled labour, and the impacts of supply chain disruptions, data from the civil/engineering sector has been extracted to highlight that sector's particular concerns.

For example, 61 percent of civil and engineering contractors anticipate revenue declines in 2020, compared to 2019, which 62 percent said they had less revenue at this point in 2020 than they did a year ago. The average anticipated drop in revenue for the entirety of 2020 was 8 percent. Additionally, 46 percent of respondents said they expected to earn less money in the last quarter of 2020 than they did in the same period in 2019.

A quarter of respondents said they anticipated needing government support to keep their doors open.

Fifty-six percent say there have been fewer municipal projects available to bid on since July 1, while 49 percent said they did less bidding work in the third quarter of this year compared with the summer of last year.

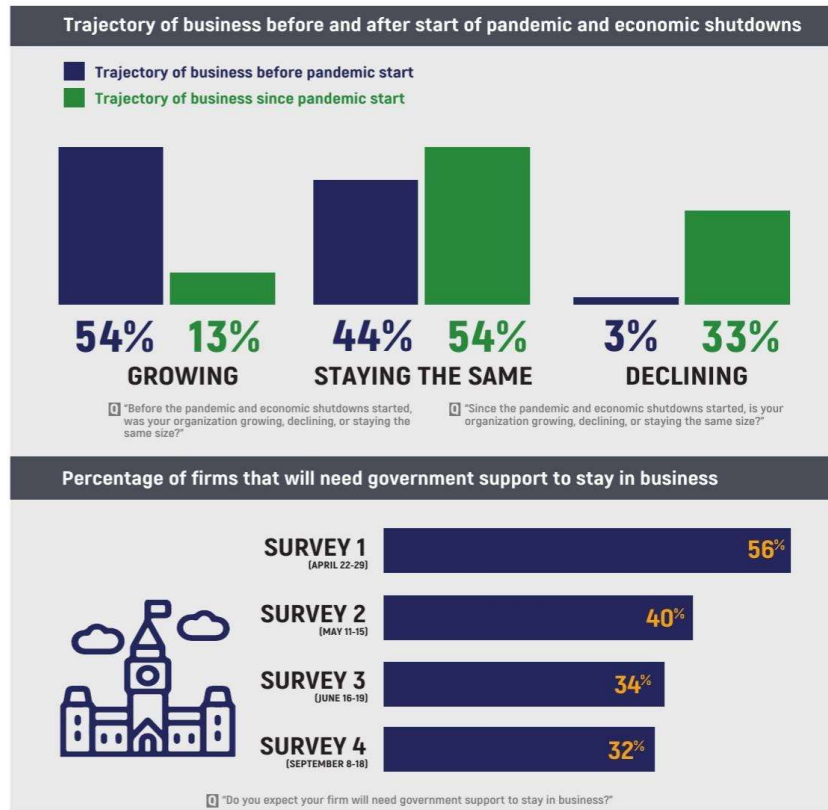
"The results of this survey reinforce our message that the federal government must provide the necessary funds for municipalities to get moving on state-of-good-repair projects," says RCCAO executive director Andy Man-

ahan. “Without adequate funding in place, municipalities are pulling back on infrastructure projects which will lead to job losses and hamper our economic recovery.”

The survey found that COVID-19 and the health and safety of workers and staff are the overarching concerns of contractors, followed by the ability to get skilled labour, the impact of supply chain disruptions, and the ability of government to quickly roll out stimulus spending on infrastructure projects.

Virtually no contractors say that there have been more projects to bid on since July 1. In fact, 54 percent of contractors reveal that there have been fewer projects of all categories to bid on. These bidding trends also show that larger firms are also now bidding on projects that they would not normally consider, with 55 percent of respondents observing that larger firms are now bidding on smaller projects.

“This is consistent with what I’ve been hearing from contractors in the heavy civil sector,” says RCCAO board chair Peter Smith, who is executive director of the Heavy Construction Association of Toronto. “Senior levels of government must provide additional



and immediate funds to shore up municipal capital budgets which are being rapidly depleted to help cover operating

budget shortfalls. Investing in these projects creates jobs for our industry which will provide a boost for our economy. There is a tremendous multiplier effect from such investments.”

An earlier report done for RCCAO outlined the potential consequences of under-investment in state-of-good-repair and other infrastructure projects. Ontario could lose out on 60,300 jobs and \$22 billion in provincial and federal government revenue over the next decade if Ottawa cuts back significantly on infrastructure spending. Over 30 years, such a scenario could result in 89,700 fewer jobs and \$98 billion in lost government tax revenue.

The recent contractor survey, meanwhile, also found that the impacts of new safety protocols such as PPE, physical distancing or contact tracing has resulted in a 17-per-cent increase in project costs, on average, for contractors. Labour supply was also cited as a concern in the survey, with 19 percent of contractors anticipating there will not be enough workers for remaining projects in 2020.

