



## **Governments must continue to invest in infrastructure projects**

July 27, 2020, Vaughan, Ont. – All three levels of government must maintain their commitment to infrastructure spending even in the face of declining tax revenues caused by the COVID-19 pandemic.

That was one of the messages conveyed by guests in a podcast called [Infrastructure Beyond Investment](#) that was kicked off today by the [Residential and Civil Construction Alliance of Ontario \(RCCAO\)](#). It is the fifth installment in a nine-part, thought-provoking series, called Conversations About Construction, that is aimed at raising awareness about issues affecting the construction industry.

The podcast features RCCAO executive director Andy Manahan, Paul Smetanin, president of the [Canadian Centre for Economic Analysis \(CANCEA\)](#), and Peter Smith, executive director of the [Heavy Construction Association of Toronto](#), discussing the importance of properly investing in infrastructure.

The consensus was that construction is a main driver of the economy and, as Ontario emerges from the shadow of the pandemic, it's critical that governments continue to invest in infrastructure. Maintenance of infrastructure may be an easy line item to cut when governments are looking to trim costs, but the guests indicated such a move would have negative consequences.

“Our view is that infrastructure is really important from a long-term, society-building perspective,” said Manahan. “So even though some people might say we’re getting into this telework environment and we won’t need offices in the future, we still think we need to keep our eye on the ball and that infrastructure is something that we need to develop for the long term.”

Smetanin said it's difficult to predict exactly what will happen going forward, but a key takeaway of a report that CANCEA did for the RCCAO indicated that even in the midst of scarce resources it's important to maintain investments in infrastructure. Otherwise, the crisis could have generational impacts.

“If last year you build a road and this year you don’t put in a water supply at the end of that road because of fiscal restraints then what we spent last year on the road doesn’t have the economic

rate of return that we expected. So, it's important to stay the course on infrastructure investment."

CANCEA's report, titled [\*Navigating the COVID-19 Socio-economic Shock: How Infrastructure Investments Will Facilitate Future Growth in Ontario\*](#), warns that employment and tax revenues will take a staggering hit over the next decade unless governments work together to maintain pre-COVID-19 infrastructure investments.

Smith, meanwhile, noted that society benefits when governments spend on local infrastructure, as companies pay taxes and the skilled trades spend money in their communities. However, he says that the situation looks bleak for contractors this fall due to municipalities not issuing tenders.

"They're talking about letting us know what they're going to call in August, so the work isn't going to start in the fall. This is almost a lost year and it's unfortunate."

All kinds of municipal projects are ready to go and the drawings are done, but funds have not been approved, noted Smith. "My take on the third and fourth quarter, it's not going to be optimistic."

The podcasts cover a wide variety of topics related to the residential and civil construction sectors. Dave Trafford, host of the Weekend Morning Show on Newstalk 1010 in Toronto, leads the discussions. Four more podcasts are scheduled to be released on Mondays over the coming weeks.

RCCAO is a unique alliance of construction labour and management groups whose members build the homes, transportation and water systems that are of critical importance to Ontario residents and businesses.

To listen to the podcasts, [click here](#) or go to [www.rccao.com](http://www.rccao.com).

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