

## \$1B in infrastructure spending equals 17,000 jobs: Report

May 23, 2013

by Ashley Csanady

The more than \$12 billion in infrastructure spending in the 2013 budget could create upward of 200,000 jobs, according to a new report from the Residential and Civil Construction Alliance of Ontario (RCCAO).

Every billion dollars of infrastructure investment equals nearly 17,000 new direct and indirect jobs, says the report, [\*Investing in Ontario's Infrastructure for Economic Growth and Prosperity\*](#).

“Of those we estimate 3,050 jobs in direct impact, 2,850 jobs in indirect impact, and 11,000 jobs in induced impact,” authors **Murtaza Haider**, **David Crowley** and **Richard DiFrancesco** write.

That means the \$35 billion in spending committed over the next three years in the budget could create hundreds of thousands of jobs in the construction industry and throughout the economy.

The three academics were commissioned to draft the report last fall as part of the construction alliance's push for ongoing government infrastructure investment. They adapted the final product to reflect the May 2 budget and in anticipation of Metrolinx's final recommendations on transit funding options, expected Monday.

A \$12 billion investment in non-residential building and construction “would result in a \$38.4-billion impact and a net increase in provincial GDP of approximately \$18 billion,” the report says. “At the same time, 203,000 person-years of employment would be created from the investment in infrastructure projects.

“These benefits are above and beyond the benefits resulting from the construction of the new infrastructure, such as reduced congestion and faster travel times for commuters and goods movement.”

Government investment is unlikely to continue at such high levels in the second half of the decade, the report cautions. The authors urge all three levels of government to work together to address long-term infrastructure needs. Simply repairing or maintaining existing infrastructure across the country could cost hundreds of billions of dollars, they estimate. That echoes a similar 2012 study by the Federation of Canadian Municipalities on roads and water systems.

Too often infrastructure funding focuses on new builds, the authors argue, to the detriment of crumbling structures in cities across the country.

“Investments must also be made to maintain existing infrastructure so that it is either replaced or refurbished immediately to avoid disasters,” the report says.

“The state of the Gardiner Expressway in Toronto is an example of poor upkeep where the city engineers have warned that short of an immediate investment in the rehabilitation of the expressway, one runs the risk of a catastrophic failure of a quintessential piece of infrastructure that will most likely threaten the wellbeing of citizens.”

To maintain infrastructure investment levels over the long run, and ensure continued enjoyment of the economic spinoffs, the report recommends greater use of public-private partnerships.

It’s something that Minister of Infrastructure and Transportation **Glen Murray** has often mused about – the idea of having a private company build a subway station, for example, in exchange for naming and branding rights and proximity to a transit hub.

Such a model ensures “the risks and financial commitments of building new infrastructure are shared broadly between taxpayers and businesses,” the report says.

The construction industry also needs stability to maximize the benefits of infrastructure funding, said RCCAO executive director **Andy Manahan**.

Infrastructure funds often aren’t fully used when municipalities don’t qualify or projects don’t get built, Manahan said. As an example, he cited the new \$100 million rural and northern infrastructure fund; it’s a welcome idea, but he wondered how a firm is supposed to hire construction crews for projects that have yet to be approved.

“We need long-term planned programs,” he said in an interview. “When you turn the taps on and off a lot, it’s very difficult for us to plan for construction crews.”

The RCCAO is surveying MPPs as well as MPs and municipal leaders about the report, and expects to release those findings later this year.