

Funding for infrastructure



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RCCAO calls for Safe Restart Agreement 2.0

Municipal infrastructure such as roads, bridges and watermains are critical to the economy and vital to the well-being and livelihood of Ontarians. It is essential that we keep them in a state of good repair or life as we know it will be very different.

This crucial infrastructure is under threat as many municipalities are facing financial pressure due to COVID-19. The pandemic is straining municipal coffers and, as a result, many have had to raid their capital budgets to pay their operating expenses. Since Ontario municipalities are not allowed to run deficits, there is very little left in the pot to carry out state-of-good-repair (SOGR) projects.

Thus, financial resources for SOGR projects have dried up, with many being delayed or cancelled.

This has been illustrated by the dramatic drop in tenders issued for municipal SOGR projects in Ontario and contractors report that hundreds of workers have been laid off. This important work, which is carried out across cities year-round, is a critical source of employment for those in the construction industry.

Ontario contractors saw the gathering storm clouds early on in 2020. Research done for the Residential and Civil Construction Alliance of Ontario (RCCAO) by the Ontario Construction Secretariat found that nearly two-thirds of civil and engineering contractors expected to see revenue declines in 2020, while 25 per cent figured they'd need government support to stay afloat.

In December, the Government of Ontario, in partnership with the Government of Canada, stepped in and provided some financial relief to municipalities. As a result, they've been able to begin putting their financial houses in order.

This relief was appreciated. Construction is a main driver of our economy and it's essential that work proceed. However, municipalities are still facing significant deficits this year and we are, therefore, urging the federal and provincial governments to continue flowing additional funds to municipalities in 2021.

Municipalities are in dire need of a second round of funding from the federal and provincial governments, or a Safe Restart Agreement 2.0.

If municipalities don't get the funds, they will again face the prospect of having to delay or cancel SOGR projects to balance their budgets. That would mean projects like municipal roads, bridges and watermains

would be delayed or cancelled. This would have disastrous effects on the construction industry, our economy and Ontarians' quality of life.

A report done for RCCAO by Prism Economics and Analysis called, *Averting a Crisis: The Need to Protect Ontario's Infrastructure Investments*, indicates just how dire the consequences of decreased infrastructure investments are for the construction industry and the economy.

The report indicated that 41,000 construction-related jobs are at risk if building permits continue to decline at the present 35-per-cent rate. Overall, 117,000 direct construction, supply chain and broader economy jobs are under threat due to project cancellations.

We recently released a video based on the report that reiterated our call to the federal and provincial governments to take urgent action and commit more funds to municipalities so that SOGR projects can be tendered in 2021. To view the video, go to our web page at www.rccao.com.

The funding provided by the federal and provincial governments in 2020 was a step in the right direction. However, it is equally important that the governments now follow through on the next phase of funding so that municipalities can give the green light to much-needed SOGR projects for 2021. Otherwise, the pipeline of projects will be delayed or cancelled, resulting in more layoffs and uncertainty.

In 2020, the federal and provincial governments partnered to ensure that the construction industry and municipalities were not dealt a fatal blow. That work and co-operation must continue in 2021 to make sure that industry is able to remain working on the infrastructure that keeps our cities safe and moving.

We must keep the momentum going and collaborate on a Safe Restart Agreement 2.0 for the 2021 construction season. Such an agreement would provide municipalities with financial certainty so they can balance their budgets and proceed with necessary SOGR projects.

This issue must be dealt with sooner rather than later or the 2021 construction year will be lost. Time is of the essence. The health of the economy and thousands of construction jobs are at stake.

Nadia Todorova is the interim executive director of the Residential and Civil Construction Alliance of Ontario.