



Action needed to save 41,000 construction-related jobs in Ontario, RCCAO says

November 19, 2020

By RCCAO

Vaughan, Ont. – The [Residential and Civil Construction Alliance of Ontario \(RCCAO\)](#) is grateful for the work that the federal and provincial governments have done to get funds to municipalities but maintains urgent action is still needed to ensure they can balance their budgets.

“We recognize that the federal government has put historic amounts of money on the table and the province has been working collaboratively with municipalities to quickly administer the process to get those funds out,” said RCCAO board chair Peter Smith. “However, despite the Herculean effort of the governments, municipalities are still projecting significant deficits for 2021 and will have no choice but to continue to raid their capital funds in order to balance their budgets.

“This will further delay much-needed infrastructure projects and it will also be too late to fix the problem for the 2021 construction season. Municipalities need a commitment before the end of this year that they will have the support they need to balance their budgets.”

A new report done for RCCAO by Prism Economics and Analysis shows a massive number of construction industry jobs are in jeopardy in 2021. The report, [Averting a Crisis: The Need to Protect Ontario’s Infrastructure Investments](#), shows that 41,000 construction-related jobs will be lost if deferrals and cancellations continue based on the unprecedented 35 per cent decline in government and institutional building permits. Ontario’s infrastructure assets would also deteriorate because of the deferrals, the report states.

“Due to declining municipal revenues brought on by the COVID-19 pandemic, municipalities are holding back spending on many infrastructure projects,” said Smith. “Contractors in our network have been reporting a significant drop in tenders to bid on, but the jobs at risk is worse than we anticipated.”

Prism estimates that a significant proportion of the total 117,000 construction-related jobs in Ontario could be at risk if municipalities, universities and colleges, school boards and hospitals continue to defer or cancel infrastructure investments. These investments by the sector create 65,000 direct construction jobs. Another 29,000 jobs are supported in the industry’s supply chain for building materials, transportation and warehousing, as well as engineering and architectural

work. Spending by these workers also supports an additional 23,000 jobs in the broader economy.

Infrastructure investments will be essential to the economic recovery. Most municipalities have priority state-of-good-repair projects and many local transportation and water system upgrades can be started quickly, providing the economic stimulus that is needed.

Despite this growing list of critical projects, research has consistently reflected that the volume of work has been decreasing over the last few months. A [survey](#) released in October by RCCAO found that 49 per cent of civil and engineering contractors reported having fewer bidding opportunities since July 1 compared to the same period in prior years. The availability of municipal projects available to bid on since July 1 is 56 per cent lower.

It is vital that federal and Ontario investment to support municipal infrastructure be accelerated during the pandemic. The Prism report also indicates that the province should ensure that municipalities, universities and colleges, school boards and hospitals carry out backlogged repair work.

“The worst case scenario for 41,000 workers in Ontario would be that despite all the incredible work and collaboration between the federal, provincial and municipal governments during this pandemic, the actual municipal deficit problem is not solved before February and the 2021 construction year is lost,” said Smith.