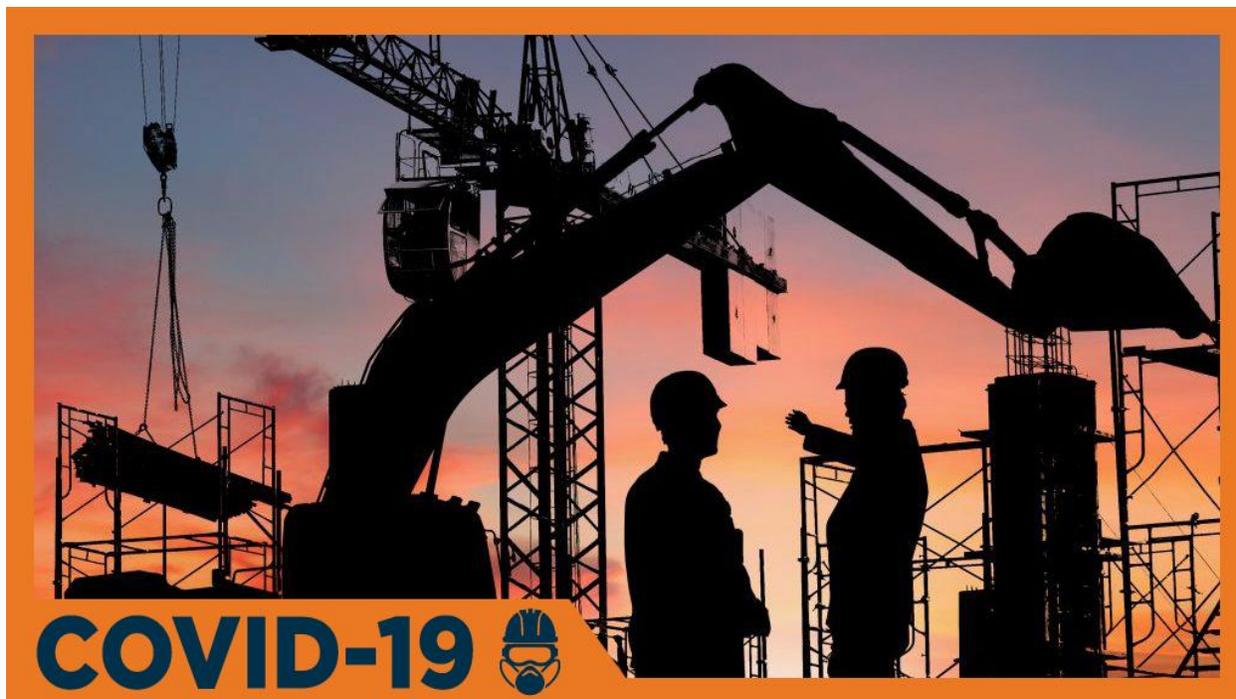


RCCAO: Strategic infrastructure decisions key to helping municipalities and construction

Angela Gismondi September 14, 2020



Strategic infrastructure investment decisions have never been more important than they are now as Ontario seeks to recover from the effects of COVID-19, Andy Manahan, executive director of the Residential and Civil Construction Alliance of Ontario (RCCAO) told Ontario’s Standing Committee on Finance and Economic Affairs recently.

“Certainly, we recognize that we are in a revenue-constrained environment, so we must make smart investments and have to be cost-effective,” Manahan said in his presentation. “It’s widely recognized that infrastructure investments, if they’re the right ones, and especially if they are ones that the municipality has deemed to be a priority type project with an asset management type of activity, that can provide immediate stimulus.”

Research has demonstrated that the impact of infrastructure spending on job creation is significant.

“For every \$1 billion in infrastructure spending, 16,700 new jobs are generated each year,” Manahan pointed out. “Increased investment in infrastructure also spreads throughout the

economy via a series of multiplier effects. For every \$1 billion in infrastructure spending, the GDP is boosted by \$1.14 billion and actually, in the transportation sector, the multipliers are even higher than that. We can help the economy overall by lowering business costs by putting in place productivity enhancement in infrastructure.”

Municipalities have faced tremendous fiscal challenges because of the pandemic, which has had a negative impact on infrastructure projects and the construction sector, Manahan noted.

“Surveys conducted by our members indicate that the pipeline of municipal projects for the fall season has dropped off significantly, with some construction firms signalling that the situation for the remainder of the year looks bleak,” he said. “The lack of municipal tenders is a very concerning sign for the industry, as it indicates a drop in construction activity and state-of-good-repair infrastructure projects. There should be a sustained focus on assisting municipalities as the pandemic ensues.”

Although the RCCAO is focused on provincial matters, the group has been lobbying Ottawa for more infrastructure funds and made a pre-budget submission to the federal government in July.

“We, too, are counting on the federal government to bring forward a broader stimulus package, hopefully in September,” Manahan noted.

In June, RCCAO commissioned an evaluation of infrastructure investment by the Canadian Centre for Economic Analysis. The report confirmed municipal governments are facing the prospect of massive operating deficits due to the heightened need for services and a simultaneous drop in revenue and combined with a significant expected decline in GDP, it could put Ontario’s infrastructure investments at risk, which will have long-term implications for growth even after the COVID-19 threat has passed, Manahan explained.

“The report recommends that the federal and Ontario governments invest in infrastructure at pre-COVID-19 levels and that the federal government cover the majority of municipal operating deficits,” the submission states.

“It recommends that governments focus on strategic investments in state-of-good-repair projects that will keep jobs and growth on track and our municipalities afloat.”

The construction sector should be working as efficiently as possible and looking for ways to streamline the approvals process, Manahan added. He applauded the government for recent legislation such as the COVID-19 Economic Recovery Act, which is expected to expedite building approvals and cut unnecessary red tape and the Building Transit Faster Act that will allow for early works to help to deliver projects such as the Ontario Line more efficiently.

“One specific area of positive change in Bill 197 pertains to the modernization of Ontario’s environmental assessment (EA) system,” the submission states. “For us specifically, that revolves around the municipal class EA process. Our partners in the municipal sector have said that the goal is to improve the process, but not to change outcomes. The proposed amendments mean that the same project will be built, whether it’s a bridge, a bike lane or a sewage treatment

facility, with the same environmental oversight, but it will be constructed faster and at a lower cost for taxpayers.”

RCCAO members are also experiencing difficulties with the Ontario One Call Act from 2012, when dealing with the need to relocate underground utilities which tends to slow down work on a project.

“Even though there’s a legislated requirement for five business days to get markings on projects where the underground utilities are, we’re finding that hundreds of projects are taking weeks to get those markings,” he said. “If there’s another area to speed up the process, we would recommend that would be a serious area for the government to look at.”