

Restraint on infrastructure spending will cost jobs: RCCAO

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VAUGHAN, ONT. — Ontario could lose out on 60,300 jobs and \$22 billion in provincial and federal government revenue over the next decade if Ottawa cuts back significantly on infrastructure spending, an [analysis](#) done for **the Residential and Civil Construction Alliance of Ontario (RCCAO)** has revealed.

The report, [Navigating the COVID-19 Socio-economic Shock: New Higher Risk Scenario Supplement](#), was done by the Canadian Centre for Economic Analysis. It's a supplemental analysis to a [report](#) released in June and was done because of concerns that infrastructure investment may be at risk, despite federal Safe Restart Agreement funding, explained RCCAO executive director Andy Manahan in a Sept. 29 release.

“This report offers compelling evidence that the federal government must step up to the plate and provide appropriate funds for infrastructure and to help offset municipal deficits that have accrued as a result of the COVID-19 pandemic,” said Manahan. “We know that municipalities have state-of-good-repair projects ready to go and federal funding needs to flow to get the ball

rolling. The alarm bells are ringing and we are running out of time to get important municipal projects built this fall.”

Researchers looked at the medium- and long-term effects of various infrastructure investment decisions by the provincial and federal governments. The analysis found that risks are magnified if the federal government delays or rolls back infrastructure investment from 0.4 per cent of expected Ontario GDP to 0.33 per cent, and Ontario continues to invest at 2.4 per cent of its GDP and municipal deficits are covered with funds from Ontario’s capital budget. The report indicated a short-term reduction in infrastructure investment could have an annual negative return of 4.7 per cent.

Over 30 years, such a scenario could result in 89,700 fewer jobs and \$98 billion in lost government tax revenue.

“RCCAO is pleased that the federal government is providing funds to the provinces and territories through the Safe Restart Agreement, but it is not nearly enough,” said Manahan. “This is a critical period and it’s not the time for the federal government to pull back on infrastructure funds. Our economy needs a kick-start and we must get going, especially on state-of-good-repair projects.”