



**Written Submission for the Pre-Budget Consultations in Advance of the Upcoming
2021 Federal Budget**

By: Residential and Civil Construction Alliance of Ontario



Recommendation 1: To provide more immediate stimulus, that the government provide enhanced funding to maintain municipal assets in a state of good repair.

Recommendation 2: That the government commit to investing in infrastructure at the level that was planned prior to the COVID-19 crisis and consider maximizing any investments given the current pandemic.

Recommendation 3: That the government collaborate with provincial governments on innovative methods to facilitate and streamline infrastructure and other projects, such as advancing electronic permitting and approvals; using energy-efficient materials in buildings; and supporting new mobility/parking standards.



July 21, 2020

Hon. Wayne Easter
Chair, Standing Committee on Finance
Six Floor, 131 Queen Street
House of Commons
Ottawa, ON K1A 0A6

Submitted electronically

Dear Chair Easter:

The Residential and Civil Construction Alliance of Ontario (RCCAO) is pleased to provide you and the rest of the Committee with our 2021 Federal Pre-Budget Submission.

RCCAO is an alliance of key labour and management stakeholders derived from the residential and civil construction sectors. The Alliance was formed to address the challenges affecting the delivery of projects, such as procurement and approvals processes. We work together with government and industry experts to offer realistic solutions to problems in the areas of infrastructure delivery, growth planning, regulatory reform and skilled labour.

A primary RCCAO focus since our inception has been the importance of investing in public works – from transit and water systems to roads and bridges – and doing so smartly and efficiently for taxpayers and daily users of infrastructure. Infrastructure lays the foundation for building a prosperous and inclusive nation and provides significant opportunity for economic growth, competitiveness and fostering strong Canadian communities. The role of infrastructure has never been more important than it is now – and as Canada seeks to recover from the effects of COVID-19, investment in infrastructure provides one of the clearest avenues to that end.

RCCAO applauds the federal government for the cooperative approach it has taken with provincial, territorial and municipal governments since the beginning of the pandemic and for the recent \$19B assistance through the Safe Restart Agreement. We believe that this funding is a promising start to ensure that municipalities across Canada have the financial support necessary to not only weather the devastating impacts of the pandemic, but also to continue focusing on critical investments that are key to recovery in many local jurisdictions.

As you will see by our recommendations, the federal government must continue to focus on infrastructure investments as a path to Canada's economic recovery. Failing to do so will have devastating and long-term social, economic and environmental consequences for our country. Beyond the immediate financial focus of our recommendations, we also stress the importance of streamlining processes to fast track the approvals to build desperately needed



Canadian infrastructure. In Australia, this type of COVID program has been referred to as “green tape.”

We know these are difficult times, however we are proud of the way that Canadians have risen to the occasion and have shown unity and care for the collective wellbeing of all. While these three major recommendations are straightforward in nature, a strong commitment and long-term resolve will be required to achieve the positive outcomes. If you wish to discuss further, we would be pleased to outline in greater detail the roadmap which we believe is crucial to ensuring that Canada, its economy and social welfare bounce back from the pandemic stronger than ever before. We appreciate your time in reviewing our submission.

Regards,

Andy Manahan
Executive Director

Nadia Todorova
Senior Director, Government Relations



RECOMMENDATION 1: *To provide more immediate stimulus, that the government provide enhanced funding to maintain municipal assets in a state of good repair.*

Crumbling infrastructure is not a recipe for competitive economic growth. Strategic infrastructure investment should be viewed as a way to rebuild regional economies and get the country working again.

RCCAO's latest commissioned [report](#) by the Canadian Centre for Economic Analysis (CANCEA), "[Navigating the COVID-19 Socio-economic Shock: How infrastructure investments will facilitate future growth in Ontario.](#)" found that smart infrastructure investments are only fully realized over the long-term. For this reason, investing in new infrastructure should not be a reflex stimulus response but rather a consistent, ongoing journey along a path to ensuring conditions are in place for long-term economic recovery and growth.

Funding directed at maintaining physical assets in a state of good repair can be considered a stimulus measure since it tends to be more labour intensive and its economic impacts are more immediate. Not only does this create construction jobs, but it also results in many positive social multiplier effects. Over time, consistent and predictable investments in infrastructure, including proper asset management, are required to safeguard the value of past investments and ensure revenues continue to flow from the use of those assets.

RECOMMENDATION 2: *That the government commit to investing in infrastructure at the level that was planned prior to the COVID-19 crisis and consider maximizing any investments given the current pandemic.*

The economic analysis contained within our *Navigating the COVID-19 Socio-economic Shock* report examined different scenarios regarding the most beneficial way to use infrastructure investments to kick-start the Canadian economy.

The report recommends that the Federal and Ontario Governments should commit to investing the same amount in infrastructure as was planned pre-crisis, with the federal government contributing additional funds to Ontario's capital budget to cover a portion of municipal operating deficits – calculated to be 56% – the balance of which would be paid by Ontario, thereby ensuring that municipalities proceed with their capital plans.

This scenario and course of action would, over the next decade, result in a gain of 61,000 jobs on average per year (0.9% more on average), as well as \$9 billion and \$13 billion in federal and provincial government revenue compared to the status quo. These benefits increase substantially after 30 years:

10- and 30-year outcomes of the Preferred Scenario compared to baseline

Benefit	After 10 Years	After 30 Years
Average Employment gain per year	+61,000 jobs	+189,000 jobs
Federal Government Revenue increase	+\$9 billion	\$86 billion
Ontario Government Revenue increase	+\$13 billion	\$123 billion

Ensuring that the federal government commits to investing the same amount in infrastructure as was planned pre-crisis will be essential to building more climate resiliency in infrastructure and addressing climate change through appropriate infrastructure measures.

It is well known that municipal governments are facing an unprecedented cash crunch as a result of the pandemic. There is less awareness, however, that the municipal sector is already slowing down and cancelling priority infrastructure projects that were planned for 2020. Surveys conducted by our members indicate that the pipeline of municipal projects for the fall season have dropped off significantly, with some construction firms signalling that the situation for the remainder of the year looks bleak.

Through another recent RCCAO commissioned [report, "Station to Station: Why Subway-building Costs Have Soared."](#) we examined ways to deliver major transit projects in more cost-effective ways. Key recommendations include minimizing the use of tunnels and keeping tunnels as shallow as possible when there is a need to go underground. Additionally, the report recommends using cut-and-cover tunnelling and, in less-dense suburban areas, at-grade and above-ground corridors. Further, the report recommends creating designs and processes that allow stations and their catchment areas to pay social and financial dividends, and to encourage bidirectional all-day transit demand. These mobility hubs or transit-oriented communities could be enhanced by supporting electric buses for commuters heading to stations.

We would also ask the federal government to continue to empower the Canada Infrastructure Bank to finance necessary infrastructure projects throughout Canada, including broadband-related work. The pandemic has highlighted how crucial access to stable and reliable telecommunication is not only for professional purposes, but also in terms of allowing for personal connections through difficult times. Unfortunately, access to high-speed internet is inconsistent or unavailable to many Canadians. In rural areas, data suggest as few as 40.8 per cent of Canadian households have access to high-speed broadband. This has made working remotely challenging to certain businesses and individuals, having an impact on economic productivity.



RECOMMENDATION 3: *That the government collaborate with provincial governments on innovative methods to facilitate and streamline infrastructure and other projects, such as advancing electronic permitting and approvals; using energy-efficient materials in buildings; and supporting new mobility/parking standards.*

The federal government has enunciated its support for greater digitalization and there is growing interest in how 5G data networks have the potential to transform Canadian communities. Investment in digital infrastructure will ensure that standard business practices such as submitting documents and applications can be sped up. This is analogous to turning 'red tape' into 'green tape'.

In the development and building sectors, the way permits are issued could be dramatically altered by the provision of online services. Streamlining services would not only speed up construction, but also help to ensure that government funds result in faster stimulus. We should note that on construction sites new apps are being tested to advance health and safety such as those that foster physical distancing protocols.

As digital processes become embedded into business models and operations, it is imperative that all of Canada's companies have the capacity to operate in the new ecosystem. Funding digitization will enable the government to close some of the gaps that exist and keep business operating as well as ensure that infrastructure work is sped up by removing paper-based process barriers.

Take advantage of this crisis: The federal government can use the current situation to work with other orders of government to encourage the use of e-permitting in the planning, engineering/design and building approvals functions. A comprehensive e-permitting system would allow for all approval authorities (municipal, regional, provincial and external agencies) to be linked together on a common platform. An e-permitting system with proper capability facilitates prompt and transparent communication between applicants, consultants and approval authorities to achieve better and streamlined outcomes.

Now is also a great time to expand and create new jobs and business opportunities by promoting research and local manufacturing of the building materials needed for the construction industry as it transitions to greater energy efficiency.

Products such as triple-glazed windows, advanced insulation, heat/energy recovery ventilation (HRV/ERV) units, geothermal pumps, ceramic radiant panels, grid-tied battery systems and grid-scale battery backups, photovoltaic innovations, and heavy timber assemblies can all be developed and manufactured here in Canada.

Many of these products are currently imported from abroad, slowing down timelines



and impacting productivity. While this would create new economic opportunities, a Canada that invests for the future would have the additional benefit of building greater resiliency in our communities and infrastructure (e.g., for severe storm events). Providing incentives for energy-efficient projects and encouraging the renovation and rehabilitation of the nation's existing building stock, will result in the reduction of energy costs with positive impacts on long-term operating costs.

RCCAO commissioned a [report](#) last year, entitled “[How Parking Regulations Need to Evolve for High-Rise Buildings](#),” which found that there is a clear mobility shift in many urban areas owing to a wider array of mobility options and ride-sharing apps. While the full impacts of the pandemic are unknown, we suspect that there will be a long-term trend of decreased vehicle ownership and a concurrent diminished need for parking spots in many urban areas.

Given the considerable time that going deep underground for parking consideration adds to the completion of buildings along with the significant cost for parking spots, the report recommended that innovative above-ground parking options be considered to allow structures to be repurposed for other potential uses in the future. Further, we believe that governments should consider implementing more flexible parking standards that assess local land uses, accessibility to public transit and travel behaviour, allowing for a nimble approach to emerging technologies, demographic patterns and environmental impacts.