

May 8, 2020

Hon. Catherine McKenna, PC MP
Minister of Infrastructure and Communities
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Ottawa, K1P 0B6
Via Email: catherine.mckenna@canada.ca

Hon. Laurie Scott, MPP
Minister of Infrastructure
777 Bay Street, 5th Floor
Toronto, M7A 2J3
Via Email: ministryofinfrastructure@ontario.ca

Dear Ministers:

Re: Infrastructure funding as part of economic recovery

On behalf of the Toronto Region Board of Trade and our region's business community, I want to thank you for your leadership and offer our assistance to support the economic recovery of Canada's largest metropolitan region.

Infrastructure has been a central piece of previous economic stimulus packages and it should be an important component now. However, as our economy copes with COVID, building for a new normal enabled by innovation, scale and speed are conditions for success cited by our members and stakeholders.

The GTHA is the second fastest growing metro region in North America. With billions in infrastructure projects already in the pipeline and a focus on climate change mitigation and adaptation, construction sector demand remains high. To that end, we want to share with you three priority areas: maintaining funding for existing projects, state of good repair, and construction labour shortages.

With collaboration between the provincial and federal government, these three areas will ensure that investment can flow immediately to stimulate the economy, creating jobs and improving critical infrastructure needed for a prosperous, sustainable and resilient region.

Maintain funding for projects in the pipeline

The Toronto region's much-needed infrastructure investments have long been delayed by drafting and redrafting plans. With billions of public dollars finally committed by all levels of government to critical projects throughout the region, we urge you to maintain funding for those projects already in the pipeline and accelerate the release of funds. We also ask your governments to consider increasing your funding for some projects in the event that municipalities are unable to meet their contribution as a result of their revenue shortfalls.

The focus should be on removing regulatory and operating red tape to help speed up planning and construction. Ontario's Building Transit Faster Act, 2020 is a great example of policy changes that can streamline projects and help avoid unnecessary costs and delays that result from a lack of coordination. The priority should also be to encourage technological adoption and identify opportunities to increase innovation and productivity in these projects without slowing down the pace of bids and building.

Prioritize state of good repair (SOGR)

Municipalities across the Toronto region keep track of SOGR projects as part of their budget process, with many facing significant funding shortfalls across their assets prior to the current crisis. For example, the TTC alone needs \$35.2 billion over the next 15 years just to keep the system functional, but nearly two-thirds of that figure remains unfunded. These are projects required as pre-requisites to achieving benefits of transit expansion.

The provincial and federal governments should prioritize funding SOGR projects that provide local flexibility to address urgent and vulnerable areas. SOGR projects can be quickly operationalized and get funding out the door immediately, as they do not require lengthy planning, assessment, and approval processes as compared to new capital projects.

The ongoing physical distancing measures have created a rare and unprecedented opportunity to carry out many of these projects with significantly less interruptions to a typically busy urban space, and as a result complete them more quickly.

Because projects include maintenance, upgrades, and retrofits across all critical assets (e.g. transit, housing, culture, roads and bridges, water and wastewater) they can improve system performance and capacity, residents' quality of life, and resilience. These investments are also needed to ensure our cities are better prepared to meet the challenges of sustainable and inclusive growth.

One example is increasing funding for deep energy efficiency retrofits. Funding can be flowed directly to municipalities and other broader public sector institutions and can use existing utility programs (e.g. Enbridge Gas and local electricity distributors) to reach private and not-for-profit organizations. In the City of Toronto in particular, renewal of purpose-built rental apartment buildings ("tower renewal") has been a long-standing area in need of urgent attention.

Construction capacity

Even before the COVID crisis hit, there was significant labour shortage in the construction industry. More than 200,000 of Ontario's skilled trade jobs were unfilled. Recruiting skilled workers was the number one concern of contractors in the province, according to a recent Ontario Construction Secretariat survey. More than half of Ontario's contractors said projects were delayed significantly because of skilled labour shortages in the past three years. To make matters worse, almost a quarter of the Toronto region's tradespeople are expected to retire in the next five years.

Without decisive and ambitious measures to address this labour shortage, we can expect a major capacity crunch in the coming years – resulting in even more construction delays and cost overruns. We must leverage our immigration system and recruit and retain local talent, especially women and youth, through the following ways:

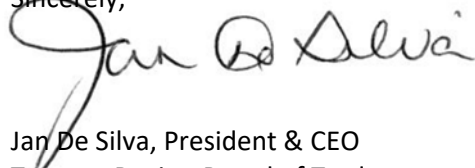
1. Significantly increase the number for Ontario's Provincial Nominee Program to allow the province the flexibility to recruit for specific skilled trades occupations.
2. Introduce a 'trusted employer program' within the Temporary Foreign Workers Program, which will reward compliant businesses with a streamlined process to get workers – less paperwork, less delays, and less unnecessary costs.

3. Make it easier for individuals to start a career in the trades by simplifying and streamlining the enrollment process for training programs.
4. Provide more funding for employer-led consortiums and group sponsors, including unions, that are successful in increasing the supply and completion of apprenticeships.
5. Create more incentives for businesses to offer apprenticeships, recognizing the significant costs associated with on-the-job-training.
6. Introduce apprenticeship requirements in all bids for publicly funded infrastructure projects at all apprenticeship levels (e.g. not just for first year apprentices) and throughout the life of the project.

A focus on producing a skilled trades talent pipeline more broadly will also achieve the additional economic recovery goal of getting people who have lost their employment into in-demand and well-paid jobs. Over the next 10 years, an estimated 40% of new jobs will be in the skilled trades. And unlike training for other occupations, individuals in the trades can receive compensation right away and throughout their training.

Thank you again for your leadership during and beyond this crisis and for your consideration of these priorities. Together, we can help ensure that the Toronto region continues to be the economic engine of our country and emerges globally competitive, sustainable, and inclusive in the new post-COVID reality.

Sincerely,



Jan De Silva, President & CEO
Toronto Region Board of Trade

Cc: Hon. Bill Morneau PC MP, Minister of Finance
Hon. Marco Mendicino PC MP, Minister of Immigration, Refugees and Citizenship
Hon. Carla Qualtrough PC MP, Minister of Employment, Workforce Development
and Disability Inclusion
Hon. Rod Phillips MPP, Minister of Finance
Hon. Caroline Mulroney MPP, Minister of Transportation
Hon. Kinga Surma MPP, Associate Minister of Transportation (GTA)
Hon. Monte McNaughton MPP, Minister of Labour, Training and Skills Development
Hon. Steve Clark MPP, Minister of Municipal Affairs and Housing