



Construction & Design Alliance of Ontario

May 20, 2020

Honourable Rod Phillips  
Minister of Finance  
Chair, Jobs and Recovery Committee  
Frost Building South, 7<sup>th</sup> Floor  
7 Queen's Park Cres  
Toronto, ON M7A 1Y7

**RE: Follow up - Ontario's Post COVID-19 Economic Recovery - Construction Industry**

Dear Minister Phillips:

The members of the Construction and Design Alliance of Ontario (CDAO) wish to provide you and the Jobs and Recovery Committee with a follow up to our [April 22 correspondence](#) that contained specific recommendations to the Province regarding Ontario's post COVID-19 economic recovery.

CDAO members would like to expand on the content and recommendations in our initial correspondence and provide specificity around items of importance to the Alliance. These recommendations will be essential in helping facilitate the full remobilization of the design and construction industry and will be crucial in getting Ontario's economy firing on all cylinders again.

Our recommendations centre on a multitude of industry items, including occupational health and safety, infrastructure investments, skills and talent, innovation and technology, and contract provisions.

We were extremely pleased by the government's recent decision to lift essential workplace limits on construction and allow all construction activity in Ontario as of May 19. This will have a tremendously positive impact on the economic recovery of the province. Although the economic recovery will not be without its challenges, we will continue to do our best to ensure that the Ontario economy comes back stronger than ever.

CDAO stands behind the government's approach on ensuring that businesses meet public health guidance and occupational health and safety requirements before re-opening. We support the stage-by-stage approach to reopening the economy to ensure there are appropriate measures in place so workplaces can operate safely.

Further, we appreciate the fact that any economic recovery will be subject to satisfying several fundamental criteria, including sustained decline and ultimate absence of new infections, continued widespread public testing and contact tracing as well as health system capacity.

CDAO and its members will continue to ensure that enhanced processes and procedures are in place to maintain healthy and safe sites. Clear direction, support and ongoing enforcement from the Ministry of Labour, Training and Skills Development is required for this to be achieved. We will continue to meet the high standards of care to limit exposure to our staff and workers, and will continue to invest in the health, safety and wellness of everyone involved.

With the collective weight of our membership-based organizations, the CDAO has a keen understanding of the issues facing the design and construction sectors during the COVID-19 pandemic across the province at both the provincial and municipal levels. Our members hold a wealth of knowledge about how legislative, regulatory, and policy issues could impact the actual design and construction of critical infrastructure across the province, especially as the economic recovery begins.

CDAO looks forward to continuing working with the government as it steers Ontario through this challenging time. We appreciate the opportunity to comment and would be happy to address any questions that may arise from the above information. Please do not hesitate to contact Saskia Martini-Wong at 416-200-2102 or [smartiniwong@associationperformance.ca](mailto:smartiniwong@associationperformance.ca)) at the CDAO office if you have any questions.

Sincerely,



Sandro Perruzza  
Chair, Construction and Design Alliance of Ontario (CDAO)

## CDAO Member Associations

Association of Registered  
Interior Designers of Ontario  
[www.arido.ca](http://www.arido.ca)

Concrete Ontario  
[www.rmcao.org](http://www.rmcao.org)

Consulting Engineers of Ontario  
[www.ceo.on.ca](http://www.ceo.on.ca)

Heavy Construction Association  
of Toronto  
[www.hcat.ca](http://www.hcat.ca)

Mechanical Contractors  
Association of Ontario  
[www.mcao.org](http://www.mcao.org)

Ontario Association of Architects  
[www.oaa.on.ca](http://www.oaa.on.ca)

Ontario Association of  
Landscape Architects  
[www.oala.ca](http://www.oala.ca)

Ontario Electrical League  
[www.oel.org](http://www.oel.org)

Ontario General Contractors  
Association  
[www.ogca.ca](http://www.ogca.ca)

Ontario Home Builders'  
Association  
[www.ohba.ca](http://www.ohba.ca)

Ontario Road Builders'  
Association  
[www.orba.org](http://www.orba.org)

Ontario Sewer & Watermain  
Construction Association  
[www.oswca.org](http://www.oswca.org)

Ontario Society of Professional  
Engineers  
[www.ospe.on.ca](http://www.ospe.on.ca)

Residential Construction Council  
of Ontario  
[www.rescon.com](http://www.rescon.com)

Residential and Civil  
Construction Alliance of Ontario  
[www.rccao.com](http://www.rccao.com)

Surety Association of Canada  
[www.suretycanada.com](http://www.suretycanada.com)

Copy to:

**Charles Lammam**, Executive Director of Policy and Budget, Office of the Minister of Finance  
**Patrick Sackville**, Executive Director of Policy, Office of the Premier of Ontario  
**Daniel Gordon**, Director of Fiscal and Economic Policy, Office of the Premier of Ontario

## LIST OF RECOMMENDATIONS

### 1. OCCUPATIONAL HEALTH AND SAFETY

- 1) *Health and safety on job sites remains industry's number one priority.*

### 2. COVID-19 CONTRACT PROVISIONS

- 1) *A legislated provision for accommodation (time and compensation) should be inserted into all construction and professional services contracts where the effects of COVID-19 might result in failure to perform or delay, including workforce and supply chain considerations. This could be performed under the Emergency Management and Civil Protection Act.*

### 3. INFRASTRUCTURE INVESTMENTS

- 1) *Establish a two-phase funding program.*
- 2) *Seek out opportunities for regionalizing the management of infrastructure in small- and medium-sized municipalities.*
- 3) *Ensure that infrastructure stimulus funding is allocated to capital projects based on evidence-based, business-case approaches, supported by asset management plans for municipal projects.*
- 4) *Place a high priority on streamlining Municipal Class Environmental Assessment processes to remove duplicative regulatory barriers to project approvals.*
- 5) *Place more emphasis on the role of organizations such as Infrastructure Ontario and the Canada Infrastructure Bank in assisting the municipal sector deliver worthwhile projects.*
- 6) *Help municipalities complete public construction and infrastructure projects.*

### 4. SKILLS AND TALENT

- 1) *Continue investing and supporting training and education programs in the construction industry as skilled trade shortages continue to be a factor.*

### 5. RESILIENCY AND SUSTAINABILITY

- 1) *Improve building infrastructure resiliency as well as sustainability.*
- 2) *Utilize our COVID-19 response to achieve climate stability.*
- 3) *Work towards a sustainable transition, by encouraging the use of Distributed Energy Resources (DERs) and emissions free technology.*

### 6. INNOVATION & TECHNOLOGY

- 1) *Streamline the regulatory and development approvals process in Ontario.*
- 2) *Work with the Federal Government to upgrade and modernize the digital infrastructure that will ensure businesses and workers succeed.*
- 3) *Invest in Ontario's Mining Industry, in building access corridors in Northern Ontario communities and resources, including the development of the Ring of Fire.*

## 1. OCCUPATIONAL HEALTH AND SAFETY

### 1) Health and safety on job sites remains industry's number one priority.

CDAO and its members worked diligently to develop and implement COVID-19 sector specific protocols for construction sites. Our industry has also implemented additional health and safety parameters to ensure that construction operations are maintained in a properly controlled work environment, including staggering shifts, maintaining physical distancing and other measures implemented through on-site joint health and safety committees that are necessary to meet the COVID-19 guidelines set by the Ministry of Labour (MOL).

Our members will continue to work within existing MOL and Infrastructure Health and Safety Association (IHSA) guidelines. We will continue to place the highest priority on occupational health and safety by working through joint health and safety committees as well as specific sector health and safety committees to ensure that all concerns are addressed before they become issues.

## 2. COVID-19 CONTRACT PROVISIONS

### 1) A legislated provision for accommodation (time and compensation) should be inserted into all construction and professional services contracts where the effects of COVID-19 might result in failure to perform or delay, including workforce and supply chain considerations. This could be performed under the *Emergency Management and Civil Protection Act*.

Whatever that impact may be, the potential for cost escalation along with delay claims, penalties and damages could spell financial distress or insolvency for those vulnerable businesses who are already grappling with liquidity issues. Fair and reasonable contractual provisions that provide relief, both in terms of time extensions and costs, are essential to ensuring an orderly and expeditious recovery of the Ontario construction and design sector. We believe that it is equally essential that this relief be mandated through legislation to ensure consistency of application. Legislated COVID-19 force majeure provisions will prevent the necessity for a contractor or professional services provider to carry a significant risk contingency in its bid or proposal to cover the unknown and unqualifiable risks arising from the pandemic. This will mean more transparent and competitive bids and proposals.

We believe that there should be a distinction between those contracts for which bids were submitted before April 30, 2020; i.e. before the full nature and extent of the COVID-19 emergency and necessary measures became apparent, and those for which bids were submitted after that date. This distinction attempts to impose a more stringent standard of care and preparedness on contractors and subcontractors; post-April 30, 2020, when they were now cognizant of the existence and magnitude of the risks involved and measures recommended by authorities and required as best practice. The objective is to ensure that claims are advanced only when a contractor is confronted with a COVID-19-related delay or cost that could not have been known at the time of tender or proposal.

[This issue is very critical to CDAO and we have provided specific recommendations in a separate cover to your government on May 20.](#)

### 3. INFRASTRUCTURE INVESTMENTS

#### 1) Establish a two-phase funding program.

We propose the restart of the broader construction sector to be approached in two phases each with their particular purpose. The first phase should be focused on accelerated funding and funding projects at the municipal level that are already identified in capital plans for 2020 and 2021 and can be quickly readied and executed utilizing available funds. The second phase should look at transformation infrastructure (e.g., broadband access, “the big pipe”, transit lines such as the *Ontario Line*, etc.) that will help to establish a more attractive environment for private capital investments (i.e., new residential and commercial developments).

#### 2) Seek out opportunities for regionalizing the management of infrastructure in small- and medium-sized municipalities.

Establishing economies of scale and centralizing expertise in a regional level of management will help to decrease costs and increase the size and availability of project funding. The government should consider making it a condition for the application of phase 2 of the stimulus funding program that a municipality first explore regional opportunities for project funding.

#### 3) Ensure that infrastructure stimulus funding is allocated to capital projects based on evidence-based, business-case approaches, supported by asset management plans for municipal projects.

The existence of municipal asset management plans will facilitate the prioritization of early works. Projects identified in these plans have been previously vetted and planned for at the municipal level. They have helped municipalities to stage projects in a way that meets their demands for efficient growth and prioritize projects based on need. By utilizing these plans to select projects for investment, the Province will be able to reduce the application timeline, and by encouraging the federal government to also utilize these criteria, investments can be made expeditiously, without the lag-time experienced in past programs that required the federal application and selection process.

The federal government should not get involved in project selection at the municipal level for infrastructure stimulus funding where a province has a regulated process for Asset Management Plans. Instead, the federal government should establish broad governing criteria for how stimulus funding should be used (i.e. funding distribution; utilization of regulated asset management plans) and then rely on the province to be the arbiter of project selection. This would ensure that projects are staged in a manner that best meets the municipality’s demands for efficient growth and would also reduce or eliminate the lag-time experienced in past programs that required the federal application and selection process.

#### 4) Place a high priority on streamlining Municipal Class Environmental Assessment processes to remove duplicative regulatory barriers to project approvals.

To ensure that infrastructure projects get underway as fast as possible, it is necessary that the current regulatory burden be streamlined.

An example of that would be the Municipal Class Environmental Assessment (MCEA) process, which has contributed to lengthy and often unnecessary processing delays for infrastructure projects in the province. Even though the MCEA process is intended to be a streamlined alternative to the individual EA process for large scale projects such as hydro corridors, standard municipal projects such as road reconstructions, bridge rehabilitation and flood-control projects face longer approval delays.

Under the current MCEA process, rebuilding aging structures or constructing new infrastructure is taking too long. It is imperative that the government continues to find ways to streamline the MCEA process, especially as it focuses on Ontario's economic recovery. There is a lot of overlap in consultation processes between the *Planning Act* and the MCEA requirements. Furthermore, municipalities are already addressing environmental issues in Official Planning and other processes, so there is unnecessary duplication of work. We would recommend that as part of any streamlining efforts, there would be a consideration on disallowing Part II orders if a municipality has done consultations through the *Planning Act*. This is also the opportune time to address serious issues that have persisted with the province's broken Site Plan Approval (SPA) process. This will be critical to facilitating a quicker economic recovery on many levels.

**5) Place more emphasis on the role of organizations such as Infrastructure Ontario and the Canada Infrastructure Bank in assisting the municipal sector deliver major infrastructure projects.**

Crown agencies and corporations will have an important part to play in the economic recovery both on the provincial and federal level. The Canada Infrastructure Bank could play a vital role in phase 2 infrastructure projects by providing capacity for new financial tools that eliminate market or "viability" gaps, which would otherwise prevent priority projects from coming online. Further, the investment capabilities of the Bank could be useful for financing infrastructure projects. On the other hand, Infrastructure Ontario would be vital in ensuring that public-private partnerships in Ontario are viable and able to get off the ground.

**6) Help municipalities complete public construction and infrastructure projects.**

With federal dollars already set aside for infrastructure projects, there is a unique opportunity emerging to support provinces and municipalities to complete previously identified public projects that do not have the funding to proceed. Years ago, it was reported that the federal government was having difficulty spending dollars allocated to kick-start a sluggish economy. The gravity of the current situation means that experience cannot be repeated.

It is within the public's best interest to see these infrastructure projects move forward and be completed. Federal support may prove integral to the completion of active projects, requiring the government to expeditiously push out any of the unspent infrastructure funding.

#### 4. SKILLS AND TALENT

##### 1) **Continue investing and supporting training and education programs in the construction industry as skilled trade shortages continue to be a factor.**

BuildForce Canada projects that over the next nine years, 2020-2029, Ontario's construction industry will need to hire, train, and retain almost 100,000 additional workers to keep pace with expected demand growth and to replace the 86,300 workers - 21% of the current labour force - expected to retire. This shortage is also reflected in professional services as well, including engineers, technologists, and architects. Given the amount of work that an economic recovery will generate, it is imperative that industry has the necessary work force to undertake this work. We would recommend that the Province act immediately to remove barriers to entering skill trades and expand the ability of training centres to provide the necessary training.

#### 5. RESILIENCY AND SUSTAINABILITY

##### 1) **Improve building infrastructure resiliency as well as sustainability.**

The government should invest in new projects and infrastructure that seek to improve energy efficiency and resiliency while working toward reducing carbon emissions. Considerations for the operational energy usage of buildings as well as embodied energy (the carbon footprint of a material) or lifecycle assessments (the evaluation of the environmental impacts of a product through all stages of its lifecycle) of infrastructure should be accounted for.

Such measures can be driven in the short term by adding criteria to the funding structure of shovel-ready projects and incorporated into better evaluating future projects.

As we reboot the economy there is no better time to implement these measures including the manufacturing of construction components in Ontario which can compliment timelines and create additional jobs in available manufacturing facilities across Ontario while shortening delivery lead-times and thus improving development ROIs.

##### 2) **Utilize our COVID-19 response to achieve climate stability.**

As we look to develop an economic response to COVID-19 and beyond, there is an excellent opportunity 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 sustainability.

Building products and regulations that support sustainability and resiliency efforts, such as engineered mass timber components which sequesters carbon should be considered.

Many building related products are currently imported from abroad, slowing down timelines, impacting efficiencies and costs. While this would create new jobs and business opportunities, an Ontario that invests in new build projects would have the additional benefit of ensuring they are resilient to the increasing likelihood of more severe climate events on the horizon. Incentivizing sustainable projects and encouraging the renovation of the province's existing building stock, will result in the reduction of emissions and operational energy costs.

**3) Work towards a sustainable transition, by encouraging the use of Distributed Energy Resources (DERs) and emissions free technology.**

Restoring our economy in the wake of the COVID-19 pandemic should keep in mind our existing environmental and climate change concerns. District energy systems leverage economies of scale to produce economic, environmental and reliability benefits to the local economy. DER technologies, including both heating (and cooling) and electricity, offer consumers the potential for lower-cost, higher-service reliability, high-power quality, increased energy efficiency, energy independence, and energy security to mitigate future effects of climate change.

Widespread use of local and regional district energy systems has been a fundamental and primary contributor to low-carbon communities in countries like Denmark and Finland. Toronto's TOCore Downtown Energy Strategy also concludes that district energy systems are fundamental to reducing greenhouse gas emissions from buildings at a lower cost compared to individual buildings.

The Ontario government should encourage the adoption of locally owned energy sources and storage systems that increase local jobs and energy costs throughout the entire province. This will require investment in distribution system upgrades needed to accommodate DERs. Upgrading Ontario's energy infrastructure represents an ideal opportunity to address the needs of current and future generations, while creating employment opportunities for engineers and energy innovators.

The government should also support technological innovation that reduces energy use, through grants and incentive programs for innovators. These incentives should reward technologies that are able to provide energy efficient solutions that will make Ontario's infrastructure and energy sources more resilient to intensified weather patterns.

## **6. INNOVATION & TECHNOLOGY**

**1) Streamline the regulatory and development approvals process in Ontario.**

Given the significant economic implications facing Ontario and Canada because of COVID-19, emphasis must be placed on not only getting stimulus funding out the door as fast as possible but also ensuring that the funding is being utilized quickly in the manner it was intended to. Unfortunately, red tape and regulatory duplication and delays will have a detrimental impact on this.



Ontario's development planning and building approvals processes are much slower and less innovation focused than many other advanced jurisdictions. Research shows that site plan control approvals that should take one month often take more than nine months and the approval target timeline for a complex Official Plan and/or Zoning Bylaw amendment application is nine months yet requires more than three years in reality for residential buildings. Site plan and other planning approvals, are often too slow and unpredictable, resulting in substantial, unexpected costs for industry. It is for this reason that Canada (Toronto) ranks 64<sup>th</sup> in the World Bank metrics on the ease of dealing with construction permits, whereas the United States ranks a stark 24<sup>th</sup> in comparison. Municipalities are a major player in ensuring that the development approvals process is an efficient and transparent undertaking. Thus, the Province needs to engage in a much more robust and granular way with municipalities as well as dedicate resources for innovation and policy changes. If Ontario is to live up to the slogan "open for business", extensive regulatory reform is required to streamline the approvals process to support the post COVID-19 economic recovery.

There needs to be a greatly expanded use of e-permitting in the planning, engineering and building permitting areas. 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 allows transparent and cohesive dialogue between applicants, design consultants and approval authorities to facilitate streamlined approvals.

**2) Work with the Federal Government to upgrade and modernize the digital infrastructure that will ensure businesses and workers succeed.**

COVID-19 has showed all of us that technology and high capacity infrastructure is no longer a luxury, but a necessity for both businesses and consumers to engage in today's economy. Unfortunately, access to highspeed internet is inconsistent or not available 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.

In an environment geared towards e-commerce and online learning solutions, we commend the government for prioritizing access to broadband internet to all Canadians, keeping in mind the need to properly connect remote and rural communities. Once construction sites open, investment in digital infrastructure will also ensure that certain simple practices and permit issuing is kept online, to help maintain physical distancing protocols. As digital becomes embedded into business models and operations, it is imperative that all of Canada's engineering companies have the capacity to operate in the new ecosystem. There is a clear chasm that exists between organizations and companies in their digital capacity. Funding digitization will enable the government to close some of the gaps that exist and keep business operating and safeguard engineering jobs in the province.

**3) Invest in Ontario's Mining Industry, in building access corridors in Northern Ontario communities and resources, including the development of the Ring of Fire.**

The Ring of Fire region of Northern Ontario, with its deposits of chromite, nickel, copper and platinum, is an immense and untapped economic opportunity. The development of this region will also provide enormous long-term benefits to Indigenous communities through increased economic activity and job creation.

To realize the full economic potential of The Ring of Fire, the government must prioritize key investments in core infrastructure, as well as ways to address the needs of the labour market and Indigenous communities in this important access corridor.