



Ontario government has made improvements in public infrastructure investment but needs to stay the course

~ Jobs and economic growth at risk if long-term plan not implemented ~

Toronto (December 8, 2011) – A report released today reinforces that increased public infrastructure investment in Ontario will alleviate many future economic risks. The report found that increased investment over the past several years is a move in the right direction. The Ontario government’s “*Building Together*” document proposes a more strategic, long-term approach to capital spending, including infrastructure asset management.

To quantify the macroeconomic impacts of public infrastructure investment, the Residential and Civil Construction Alliance of Ontario (RCCAO) commissioned the risk management firm RiskAnalytica to measure the link between sustained investments in this sector relative to the prosperity of Ontarians.

To download a copy of the report, visit <http://www.rccao.com>

The findings reveal that over the next 50 years, average real GDP growth could rise by over 1% per year if the increases outlined in Ontario’s 10-year *Building Together* plan continue.

Despite this positive news, however, the province’s GDP performance is on a risky slope, as any reductions in infrastructure investment or misallocations could disproportionately restrain economic growth. Ideally, RiskAnalytica’s report found that long-term infrastructure investments would **need to be 40% above the levels in the 10-year Building Together plan** to optimize GDP growth in Ontario.

“As governments face years of restraint, it is important to recognize that underinvestment in infrastructure could easily hurt our economic prospects and job growth,” said Andy Manahan, Executive Director of RCCAO. “There is still more room for further investment in the sector before the marginal returns diminish.”

In addition, public infrastructure underinvestment in Ontario could have a significant cost to the workforce at large. Depending upon the number of years individuals stay in the labour force, **inadequate public infrastructure funding could cost between \$20,000 and \$60,000 per person** in today’s dollars. Businesses could also face a loss of an annual 0.7% increase in profits if spending slips.

“More analysis is needed by sector and even by infrastructure type,” says Paul Smetanin, CEO of RiskAnalytica. “Perhaps most importantly, to ensure that infrastructure investments are allocated properly, our decision-making processes on infrastructure spending need to evolve.”

Smetanin suggests that infrastructure simulation models, for example, could provide better insight into priority-setting based on objective economic and community data.

“The report carried out by RiskAnalytica on behalf of RCCAO indicates the value of adequate, stable infrastructure funding to the economic well-being of individuals, businesses and Ontario as a whole,” say Carl Bodimeade, Chair of the Ontario Coalition for Sustainable Infrastructure. “It demonstrates the substantial benefits that can result if the principles in Building Together are adopted and the proposed funding levels maintained over the long-term”.

Underlying all of the findings in RiskAnalytica’s report is the need for the Ontario government and other partners – including the federal and municipal governments - to ensure that stable and long-term funding programs are in place to support future growth.

“RCCAO welcomes the discussion between Queen’s Park, Ottawa, the municipal sector and the construction industry. We agree that this is the best way to move the province forward and build together,” says Manahan.

ABOUT

The Residential and Civil Construction Alliance of Ontario (RCCAO) is an alliance composed of management and labour groups that represent a wide spectrum of the construction industry. The RCCAO's goal is to work in cooperation with governments and related stakeholders to offer realistic solutions to a variety of challenges. For more information please visit www.rccao.com.

RiskAnalytica is a Toronto-based management science firm specializing in independent evaluation and analytical services that support better policy, business and investment decisions. The RiskAnalytica team is an independent and multidisciplinary group of consultants and researchers (management, risk management, economics, demographics, mathematical methods), with a dedication to supporting responsible managers in making accountable and financially sound choices. For more information please visit www.riskanalytica.com

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