



The Chamber of Commerce  
of Metropolitan Montreal

# Seven Infrastructure Projects to Support Montréal's Economic Recovery

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The major economic consequences of the COVID-19 pandemic have led governments to implement many measures to support the economy. In Quebec, the government has announced that the Québec Infrastructure Plan investments for the current year will be happening ahead of schedule. These public investments, along with planned private investments, will be essential to restarting the Quebec economy. By investing in promising infrastructure projects that are ready to be deployed quickly, public authorities will send an important signal to other economic stakeholders.

The Chamber of Commerce of Metropolitan Montreal actively participates in discussions regarding the development of modern and efficient infrastructure in the city, including providing annual pre-budget recommendations to the federal and provincial governments. The Chamber reiterates that smart, sustainable urban development projects stimulate the economy and create high value-added jobs.

In light of Bill 61 tabled by the Government of Quebec and the important investments earmarked by Quebec and Ottawa, the Chamber wishes to present seven projects that have the potential to quickly and sustainably relaunch Montréal's economy.

This brief should be considered as part of the city's recovery strategy. Investment in strategic infrastructure projects will play a central role in our economic future, along with investments in innovation, the technological shift, stimulating interprovincial and international trade and transitioning to a more resilient, low-carbon economy.

### **Projects Supported by Montréal and the Business Community**

In Greater Montréal, the Canadian city hardest hit by the COVID-19 crisis, there are many projects that have the potential to help relaunch the economy quickly and sustainably. Some are already underway or shovel ready, while others are part of a more long-term vision to secure the prosperity of the city and its companies.

The following seven projects are ordered according to how quickly decisions need to be made in order for them to move forward. Not only will these projects help relaunch the city's economy, but they will also significantly affect its vitality in the long term. They require all three levels of government and the private sector to invest and collaborate. Some of the projects require a decision from the Government of Quebec in order to move forward, and others need one from the Government of Canada.

## **Seven Infrastructure Projects to Support Montréal's Economic Recovery**

### **Palais des congrès de Montréal**

In 2018 and 2019, Montréal ranked first in the Americas as the city hosting the most international conferences. However, its Palais des congrès is only the fourth largest centre of its kind in Canada, behind Toronto, Vancouver and Calgary.<sup>1</sup> This lack of space has forced the administration of the Palais des congrès de Montréal to refuse requests from many international groups and associations, resulting in substantial lost revenue and fewer tourists coming to the city.

Of course, many international events for the year 2020 have had to be postponed or cancelled due to COVID-19, but this temporary decrease in visitors is the perfect opportunity to expand the Palais and prepare for future demand. The project to expand the Palais des congrès de Montréal must begin by 2021 so that construction work is completed by 2025. Financial contributions from all three levels of government will be essential for this project to succeed.

***Request No. 1: Invest the funds necessary to start the process of expanding the Palais des congrès so that it can be completed by 2025.***

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<sup>1</sup> In 2019, Calgary's convention centre announced its expansion project, which will be completed in 2024 and will make the centre larger than the Palais des congrès de Montréal.

## Affordable and Social Housing

Before the COVID-19 crisis, Montréal's vacancy rate was at a record low of 1.6% for 2019. The construction industry's forced hiatus and Montrealers' precarious finances (with Quebec's unemployment rate at 17% in April and 13.7% in May) are likely to make the situation even more dire. We must prepare for an increase in demand for affordable and social housing, especially since there will probably be strong pressure on construction costs due to destabilized supply chains, productivity slowed by physical distancing measures, delay penalties, etc.

Housing is already hard to find in the city, affordable and social housing even more so. Access to this type of housing is an important part of quality of life in Montréal, and it is the focus of the National Housing Strategy launched by the federal government in 2017. The agreement provides for \$8.2 billion over ten years in joint funding to improve the community housing supply and support provincial priorities regarding housing construction and affordability.

The Government of Canada has made bilateral agreements with nine of the provinces as part of the Strategy. \$4.2 billion has already been jointly invested in Ontario.

Quebec could receive approximately \$1.7 billion over ten years to help meet its affordable housing needs. Ottawa and the Government of Quebec must work together to sign the agreement and release the funds, while respecting each party's jurisdiction. The Ville de Montréal can also play an important role in implementing the agreement.

The housing agreement will be one of the keys to recovery, giving the construction industry the opportunity to help relaunch the economy and meet an essential need in Montréal.

***Request No. 2: Ottawa and Quebec must quickly come to an agreement under the National Housing Strategy that will allow Montréal to meet its urgent affordable and social housing needs.***

## Montréal's Airport

The crisis and temporary border closures have severely affected operations at Montréal-Trudeau Airport (YUL). In just a few weeks, passenger traffic has gone from over 50,000 people per day to around 500. The number of flights has been reduced to just 50 per day. The crisis interrupted what had been significant growth, with the airport experiencing a 40% increase in passenger traffic over the last five years.

While directly affected by the crisis, the air transport sector is also an important player in the crisis response, as it is a vehicle for international trade, supplying Montréal with essential items like protective medical equipment and other strategic goods.

When the time comes to relaunch the economy and resume normal activities, we need to be able to rely on major economic drivers such as tourism and the city's international connectivity. The current situation has caused Aéroports de Montréal to reduce its investment budget by over 45% for this year, interrupting numerous infrastructure projects.

Montréal-Trudeau Airport will need financial support to meet the demand, which will start rising again in the long term. It will need to make the investments necessary to maintain its status as a North American hub with infrastructure worthy of its reputation. Once downtown Montréal is reconnected to its airport and tourists, it will once again become a driver of collective wealth.

The Chamber insists on the importance of supporting infrastructure projects at Montréal-Trudeau to enable it to fulfill its role as a gateway to the city.

***Request No. 3: Support infrastructure projects at Montréal-Trudeau Airport to maintain the city's international connectivity.***

## Eastern Montréal

The proximity to the Port of Montreal, the abundance of large subdivisions far from residential areas and companies working in air quality, water treatment and waste management are all assets that Eastern Montréal has to offer and that give it the potential to become a large-scale green technology hub.

However, land contamination in this sector poses a serious hindrance to development. Currently, millions of square feet cannot be redeveloped because of residual contamination, which often has high toxicity levels that make decontamination particularly costly and discourage private investment.

The Chamber reiterates its recommendation presented in its 2020-2021 provincial pre-budget brief to provide \$700 million over the next four years, funded in equal parts by the governments of Quebec and Canada, to decontaminate the soil in Eastern Montréal. This decontamination will serve as a starting point for developing a green technology hub and will be part of a sustainable economic recovery plan.

***Request No. 4: Support the development of Eastern Montréal by granting \$700 million over the next four years for soil decontamination, funded in equal parts by the governments of Canada and Quebec.***

## Cultural Venues and Heritage Buildings

Cultural venues and heritage buildings are an integral part of Montréal's identity. They will, however, be among the last to reopen to visitors as the recovery progresses. Given the current drop in revenue and clientele, investments must be made this year for the recovery and long-term vitality of the city.

Many renovation, upgrading or modernization projects can be undertaken when there are no visitors. This is all the more true for disused heritage sites with strong requalification potential, such as the Royal Victoria and Hôtel-Dieu hospitals, or the Institut des Soeurs de Miséricorde.

Public and private organizations in these sectors are able to quickly direct investment to the most promising projects. This is also another area where the construction, architecture and design sector will be able to play an active role in Montréal's economic recovery.

***Request No. 5: Support projects to renovate cultural venues and quickly start requalification projects for heritage buildings that have the potential to sustainably boost Montréal's economy.***

## Public Transit

The crisis is hitting public transportation companies hard. The 70% to 85% drop in ridership in Greater Montréal has so far caused more than \$165 million in revenue losses for transportation companies within the ARTM since mid-March. The situation has had a major impact on the Ville de Montréal's budget. When announcing \$123 million in cuts at the end of April, the municipal government stated that the impact of the crisis on its finances was between \$258.9 million and \$538.5 million, including the ARTM's anticipated revenue losses.

The STM explained, when it launched its lockdown lifting plan last May, that it had already returned close to its regular level of service, although it expects a very gradual return to pre-crisis ridership levels. Maintaining this level of service is crucial to ensure compliance with public health guidelines and reduce network users' fears about the risk of spreading the virus.

The investment needed to maintain assets must go hand in hand with major investments to make public transit an important part of our economy's green recovery plan. Investments in public transit will have a structuring effect on many sectors of the economy, including construction, professional services and manufacturing.

We know that transportation needs will change in the wake of the crisis and that, as a result, those in the industry as well as public authorities will need additional leverage. Public transit stakeholders are mobilized to respond to this issue, but need support.

We also reiterate that public transit must remain a societal priority. Its structuring projects make it possible to reduce our greenhouse gas (GHG) emissions and build more resilient communities. We need to stay on track with planned investments and set aside a significant part of the recovery efforts for this sector. The \$600 million investment in public transit provided for in the Government of Quebec's Bill 61 will make it possible to make progress on several projects in the Greater Montréal area.

This includes the extension of the blue line, a project that has already passed several milestones and must now move forward with funding from all three levels of government, including the \$1.3 billion announced by the federal government.

Other important transportation infrastructure projects in the Greater Montréal area are affected by Bill 61, including the extension of the REM in Laval and on the South Shore, as well as structuring projects for electric public transit linking the east, northeast and southwest of Montréal to downtown.

***Request No. 6: Support transportation companies and cities in order to maintain their services despite the drop in ridership caused by the crisis and accelerate investments in public transit projects that will have a structuring effect on the city.***

### **The Port of Montreal**

Over the last few years, the Port of Montreal has experienced significant growth. From the start of the crisis in March, the Port has adapted to play a leading role in the city's economy by maintaining our businesses' supply chains.

Investments in the Port of Montreal's infrastructure announced over the last few years have been promising. As such, the recent signing of a memorandum of understanding between the Canada Infrastructure Bank and the Montreal Port Authority to move forward with the Contrecoeur project is a step in the right direction. As part of this memorandum, the Infrastructure Bank is committing up to \$300 million in funding for the project. To help our economy recover, the Chamber recommends undertaking projects that will allow the Port to grow and modernize.

It asks the governments to commit to supporting the growth of the Port of Montreal and ensuring that the Contrecoeur terminal is up and running.

***Request No. 7: Support the growth of the Port of Montreal and ensure that the Contrecoeur terminal is up and running.***

### **Continuing to Build on the Strengths of Our Economy**

For the city to play its role as the driver of Quebec's economic growth, governments will have to ensure that key development projects are completed. In this brief, the Chamber addresses the issue of infrastructure investments with the aim of contributing to the economic recovery of Greater Montréal and generating long-term structuring effects. Other infrastructure projects will obviously have to be considered and implemented to achieve this, but these seven projects have strong potential for the city's quick and sustainable economic recovery. By focusing on these priorities, governments will be able to ensure steady and sustainable growth for the province and its metropolis.