



# Written submission for the pre-budget consultations in advance of the 2021 federal budget

By: The Canadian Construction Association

**Recommendation #1:** That the government fund the COVID-19 Cost Reimbursement Program and remove the holdback on all Federal Projects to provide immediate liquidity to the construction industry.

**Recommendation #2:** That the government roll out an infrastructure economic stimulus program that is coordinated, balanced, clear and flexible.

**Recommendation #3:** That the government work with industry on creating an inclusive workforce and partner with CCA in the industry “Talent Fits Here” Campaign and fund our Student Work-Integrated Learning Program (SWILP) application.

**Recommendation #4:** That the government provide the necessary framework and investment to augment innovation in the construction industry.

**Recommendation #5:** That the government strengthen investor confidence and reduce red tape.

**Recommendation: #6:** That the government commit to a 25-year plan for infrastructure spending in Canada.

## Introduction

The Canadian Construction Association (CCA) is the national voice for the construction industry in Canada, representing over 20,000 member firms in an integrated structure of some 63 local and provincial construction associations. Construction employs close to 1.5 million people and generates about \$140 billion to the economy annually, accounting for 7 per cent of Canada's gross domestic product (GDP). Construction, in many ways, is the backbone of the Canadian economy.

While COVID-19 has proven devastating to the Canadian economy, the construction industry demonstrated its ability to adapt safely, delivering critical infrastructure projects and benefiting communities across Canada. The industry absorbed significant costs with the understanding that reimbursement would follow. This reimbursement is essential to our member's liquidity, many of whom are the trades and are small or medium size firms.

CCA and its members are embracing the benefits of technology and innovation to improve safety, reduce waste, create sustainable infrastructure and overall increase productivity. We are seeking partnerships with all levels of government, academia, and industry to advance these priorities.

The construction industry continues to face a serious workforce shortage as we brace for about 22 per cent of workers retiring over the next decade. A strategy is needed aimed at recruiting, retaining, and re-training a diverse, skilled, and tech-savvy workforce in order to keep this important economic sector healthy and competitive. The need for workers is strong, and Canada needs a larger supply of qualified people to fill these roles. Investing in programs to address these labour shortages will provide a viable and inclusive employment sector for Canadians, while also attracting a diverse and skilled workforce.

Local infrastructure is critical to the quality of life of Canadians and the competitiveness of our country. We rely on power generation, roadways and transit, water management, hospitals, and natural resource development to function personally, socially, and economically. In order to continue providing reliable infrastructure to Canada, we need to ensure that we are strengthening our level of investor confidence and committing to a long-term infrastructure strategy. The only way to build sustainable communities is with a strong, consistent infrastructure plan and spending that includes maintenance.

## Leading the way in the Post-COVID economy

The construction industry is willing and able to step up and support the federal government in its efforts to rebuild the Canadian economy, but for this we need member companies to survive. This means that our firms need access to working capital now and during the recovery phase.

That is why we have asked for, and are urgently seeking, cost relief on current federal projects for delays, PPE, additional staffing and other COVID-19 related costs, in the form of a COVID-19 cost reimbursement program.

CCA is recommending that these eligible costs be reimbursed by up to 5% of the contract value as a starting point, subject to the program being adjusted as the duration and full impact of COVID-19 becomes clearer over time. We believe that extensions of time and fair compensation for reasonable costs incurred for federal construction projects, supported by sufficient documentation from the contractor, would alleviate some of the financial pressure on construction businesses.

CCA advocates for investment in infrastructure and maintenance to stimulate the economy, taking into consideration the following four principles:

1. **Coordination:** All federal departments need to work together in collaboration with provinces and municipalities to be as efficient as possible. We support prioritizing shovel-ready projects and removal of red tape to get as many Canadians back to work and to ensure revenue flow for businesses.
2. **Balance:** The plan needs to be balanced in size, sector, region and timing. The stimulus should span over a period of 18 months or more.
3. **Clarity:** The industry needs clear and consistent rules on managing COVID-19 health protocols and access to the required personal protective equipment.
4. **Flexibility:** COVID-19 is unpredictable and flexibility is needed to deal with project delays and costs.

### Recommendation #1

**That the government fund the Cost Recovery Program and remove the holdback on all Federal Projects to provide immediate liquidity to the construction industry.**

### Recommendation #2

**That the government roll out an infrastructure economic stimulus program that is coordinated, balanced, clear and flexible.**

## Supporting the workforce of today and tomorrow

From local charity fundraisers to volunteering time and equipment for community projects, our industry is an integral part of communities across the country. As we noted earlier, the construction industry employs about 1.5 million people. Many Canadians have lost their jobs due to COVID-19, while at the same time, construction is facing a labour shortage that is expected to worsen over time due to retirements and demographic shifts. The labour shortages will leave the construction industry with hundreds of thousands of jobs to fill by 2028.<sup>1</sup> Construction provides well-paying jobs – but we must position the industry as a career of choice – attracting those from under-represented segments as well as STEM to drive innovation.

Research is needed into perceptions of what a career in construction means for youth, Indigenous groups, women, new Canadians, and other under-represented groups. A national strategy to re-position the image of the industry as an inclusive sector with opportunities for career growth is essential to address the workforce shortage.

The efforts of our association through the numerous charitable initiatives undertaken by our members in their local communities and CCA's long-term implementation of a diversity strategy is a signal of our commitment without the need for a formal legislative lens.

### Recommendation #3

**That the government work with industry on creating an inclusive workforce and partner with CCA in the industry “Talent Fits Here” Campaign and fund our Student Work-Integrated Learning Program (SWILP) application.**

## Partnering with construction on innovation

Construction is one of the largest economic sectors in Canada, driven in part by the global demand for natural resources and the urgent need to modernize Canada's infrastructure.

Yet, the Canadian construction industry lags behind other industrialized countries in productivity, innovation, and technology. To secure its path for growth, it is imperative that innovation and technological advancement be championed within the right policy framework.

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<sup>1</sup> David Kennedy, *The impending shortage: Canadian construction industry has 300,000 jobs to fill over next decade*, (On-Site, 2019).

With advances in technology and changes in the way we build, the federal government must take the lead and earmark spending to stimulate world-class, large-scale innovation and collaboration that will increase productivity, strengthen Canadian competitiveness and help develop sustainability.

#### **Recommendation #4**

**That the government provide the necessary framework and investment to augment innovation in the construction industry. Investment in R&D in our industry will make direct, tangible improvements to Canada's economy. These should be encouraged by dedicating specific program funding and incentives that will encourage businesses of all sizes, particularly small- and medium-sized enterprises (SMEs) to access and embrace emerging and sustainable technologies, materials or processes.**

#### **Strengthen investor confidence**

In 2017, Statistics Canada released data showing direct investment into the country was \$33.8 billion – the lowest level since 2010 and well short of the record high of \$126.1 billion back in 2007.

Prior to the outbreak of COVID-19, a lower American corporate tax rate and less project risk, combined with the increased costs of doing business in Canada, had made the U.S. more attractive for business investment.

CCA strongly believes that restoring investor confidence is key to rebuilding a healthy and competitive national economy. While CCA welcomed news that a decision was reached to green light the Trans Mountain expansion project prior to the last federal election, it is crucial that the government remove any regulatory challenges to the pipeline's construction. Any further interruption may impede investment, employment, innovation, technology, and sustainable development. The additional barrier of COVID-19 also makes it necessary to ensure the integrity and timeline of any federal review currently underway for any and all other major projects across the country.

CCA is also advocating that the Canadian Government ban the use of reprisal clause legislation in all forms of federal procurement. Reprisal policies that have been used at the provincial and municipal level have been used to ban contractors from bidding on public projects if they were subject to any litigation against the Government in question in a preceding period of time, normally two years.

Reprisal policies are contrary to the principle of an open and fair tendering process that produces the most competitive price and efficient use of taxpayer dollars and can result in a chilling effect on the industry. Therefore, CCA calls upon the federal government to pass a law instituting 'No Reprisal Policy' as a condition of any public procurement that uses federal government funding.

## Recommendation #5

**That the government strengthen investor confidence and reduce red tape. CCA is asking that the federal government offer certain exemptions to the heavy construction sector. Establishing rebates and tax credits to companies who adopt newer “green” technologies, applying carbon tax at the pump prior to the provincial, excise and GST taxes, and excluding anti-idling devices from GST are only a few such exemptions that would help the construction industry remain competitive as well as considering the ban of reprisal clauses in all federal public tendering.**

## Increased infrastructure planning in Canada

Much of Canada’s infrastructure was built in the 60s and 70s and is now aging. The federal government responded appropriately with such initiatives as the *Investing in Canada Plan*, which commits \$180 billion in federal funding for public infrastructure over 12 years, and the Canada Infrastructure Bank, which invests funds into projects while generating revenue through public and private capital.

Fluctuations in the delivery of funding to projects cause inefficiencies across the system. Funding must be made steady, reliable, and consider long-term infrastructure realities.

The infrastructure deficit and needed investments represent an enormous challenge. CCA and a number of partner organizations raised this concern last fall via the Canadian Infrastructure Report Card (CIRC), an in-depth report that analyzed 7 categories of infrastructure assets using the data from the federally administered Canadian Core Public Infrastructure Survey<sup>2</sup>. This challenge also provides an historic opportunity to replace our existing infrastructure and re-shape our communities in a more sustainable manner to combat COVID, the changing climate and future challenges alike. Therefore, it is imperative to develop a longer-term strategy that spells out the commitments of all levels of government.

## Recommendation #6

**That the government commit to a 25-year plan for infrastructure spending in Canada. The *Investing in Canada Plan*, which commits the federal government to \$180 billion in investments in public infrastructure over the 12 years, and the flexibility added during COVID-19, is encouraging, a longer-term strategy is needed to strengthen Canada’s economic growth and promote stability.**

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<sup>2</sup> Canadian Construction Association, Canadian Association of Municipalities, Canadian Public Works Association, et al., *Monitoring the State of Canada’s Core Public Infrastructure: The Canadian Infrastructure Report Card 2019* (Canadian Infrastructure Report Card, 2020).



On behalf of the Canadian Construction Association and our membership I would like to thank the committee for it's time and attention on this matter. We are proud of the role we play in building a better Canada and would be pleased to appear before you once again to provide further information upon request.

Best regards,

A handwritten signature in black ink, appearing to read 'mvan', is positioned below the 'Best regards,' text.

Mary Van Buren  
President, Canadian Construction Association