



Written submission
for the pre-budget consultations in
advance of the 2020 federal budget

By: The Canadian Construction Association

Recommendation #1: That the government provide the necessary framework and investment to enhance industry-wide collaboration for innovation in the construction industry.

Recommendation #2: That the government work with industry on creating an inclusive workforce.

Recommendation #3: That the government fund CCA's Student Work-Integrated Learning Program (SWILP) application.

Recommendation #4: That the government strengthen investor confidence.

Recommendation #5: 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.

CCA and its members are eager to embrace 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 and increase awareness of and access to technology by those working in the construction industry.

The construction industry is facing 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.

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.

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 #1

CCA is asking the federal government to become a partner in providing the necessary framework and investment to enhance industry-wide collaboration for innovation in the construction industry. Investment in advances 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.

Supporting the workforce of tomorrow

From local charity fundraisers to volunteering time and equipment for community projects, our industry is an integral part of communities in the country. As we noted earlier, the construction industry employs about 1.5 million people. Although the current labour shortages will leave the construction industry with hundreds of thousands of jobs to fill by 2028.¹ The BuildForce Canada research organization recently reported that 261,000 construction workers are expected to retire within the next decade, exceeding the number of new recruits of 221,300 by nearly 40,000. The four per cent increase in labour demands means that the construction industry will need to hire about 80,000 men and women.² Bill Ferreira, the executive director of the national construction organization, BuildForce, reported, "An estimated 261,000 worker retirements by 2028, or approximately 22 per cent of the current labour force."³ To address labour shortages, our industry continues to promote the skilled trades as an excellent opportunity for all Canadians to consider as a career path and attract STEM students. While the federal government has a responsibility to ensure all industries are a viable place to work for any Canadian, micro-focused regulations for the construction industry can hinder overall growth and productivity for all. The entire industry has always been committed to benefiting communities, but getting policies right is critical for meeting our infrastructure needs and addressing labour shortages.

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. In fact,

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

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

3 Bill Ferreira, *BuildForce Annual Report 2018-19*, (BuildForce Canada, 2019).

BuildForce stated, “Successful construction employers know that to meet future workforce challenges, they need to recruit from traditionally underrepresented groups (women, Indigenous, newcomers), which means establishing a respectful and inclusive workplace culture that is welcoming to all.”⁴

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 to community benefits without the need for a formal legislative lens. Specific legislation or regulations have the potential to threaten the fair and competitive bidding process on federal government contracts and tenders.

Recommendation #2

CCA is asking that the government work with industry to develop an inclusive workforce strategy rather than on creating legislation that may expose projects to political interference and costly delays.

Recommendation #3

That the federal government fund CCA’s SWILP application to place students from across Canada in construction-related work terms, gaining valuable experience and exposing them to career opportunities.

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.

Delays to the expansion of the Trans Mountain pipeline, the imposition of the federal carbon pricing program and many of the proposed changes to environmental legislation in the form of Bill C-69 have eroded investor confidence in Canada. A lower American corporate tax rate and less project risk, combined with the increased costs of doing business in Canada, make the U.S. more attractive for business investment.

CCA strongly believes that restoring investor confidence is key to preserving a healthy and competitive national economy. While CCA welcomed news that a decision was reached to green light the Trans Mountain expansion project, 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.

CCA recognizes that climate change poses a threat to the global environment, and therefore, are seeking to work with the government to support sustainability goals. CCA represents many small businesses who help to develop the Canadian economy, and their success is crucial to the economic development of Canada. Projects, like the Trans Mountain pipeline, require a strong and growing construction industry to bring the development to fruition.

Recommendation #4

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.

4 BuildForce Canada, *Respectful and Inclusive Workplace Toolkit*, (BuildForce Canada, 2018).

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.

CCA is concerned that funding levels could change following the 2019 federal election. 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. However, they also provide an historic opportunity to replace our existing infrastructure and re-shape our communities in a more sustainable manner. This is why it is imperative to develop a long-term strategy that spells out the commitments of all levels of government.

Recommendation #5

CCA believes that the Government of Canada must commit to a 25-year plan for infrastructure spending in Canada. Although it's Investing in Canada Plan, which commits the federal government to \$180 billion in investments in public infrastructure over the next 12 years is encouraging, a longer-term strategy is needed to strengthen Canada's economic growth.