

CANADIAN CONSTRUCTION InSITES

FEDERAL BUDGET AND POLICY AGENDA

Measuring Up or Falling Short at a Time of Crisis?



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Chair, Merit Canada

The ultimate measure of a person, as the quote goes, is not where they stand in moments of comfort but at times of challenge.

The same is true of governments, and the recent and belated federal budget contains plenty of warning signs about where the current government – and consequently Canadians – stand at this extremely challenging time. Stark choices lay ahead

as we look to recover from the COVID-19 global pandemic.

In this edition of Merit Canada’s *Construction InSites*, we take the measure of the budget and recent government performance more broadly, and examine some of the policy implications for open shop contractors and for our long-term shared prosperity. We focus on five key areas of crucial interest to our members and to the Canadian economy, and on which Merit Canada made recommendations in its pre-budget submission.

In our view, the government has earned middling and even failing grades. The budget leaves us without a sense of focus or urgency with respect to the need for meaningful spending control, nor any tax and regulatory reform to enable and indeed super-charge a private sector-driven recovery.

It also renews the fears we should all share about Canada’s debt burden – now at levels never before seen in our history – particularly since the government has committed to no more than shrinking the size of the debt relative to the economy in an undefined “medium term”.

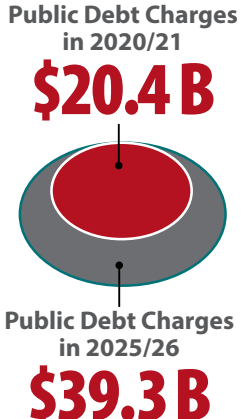
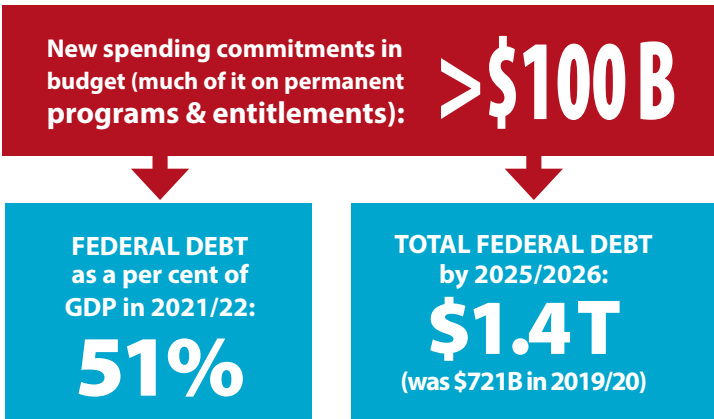
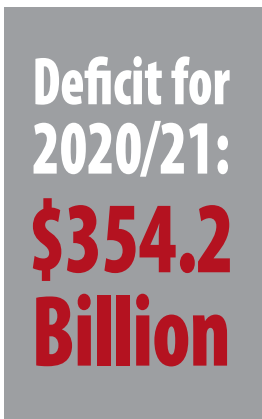
Canada was already lagging other countries on productivity and competitiveness before COVID-19 hit – recently ranked 51st in “trading across borders” by the World Bank, and an embarrassing 64th in “dealing with construction permits” – so if ever there was a moment to measure up and boldly seize the opportunity that is embedded in a crisis, that time is now.

INSIDE:

- Grading the Federal Budget and Policy Agenda
- Cross-Country Construction Check-In

“Pre-Election Spending Financed by Heavy Deficits”

The ongoing need for extraordinary pandemic-related public spending is clear – but the realities of long-term debt-management are equally unavoidable. The April federal budget puts our national balance sheet in its most precarious state since Canada’s “honourary Third World member” days of the 1990s.



Date references are to government fiscal years Sources: J. Mintz and other budget coverage and commentary (National Post, Globe & Mail) and budget documents

REPORT CARD

Grading the Federal Budget and Policy Agenda

While vaccination remains job one for government right now, economic recovery from the effects of COVID-19 is no less urgent. In its pre-budget submission, Merit Canada built on the key themes of its earlier Building Confidence in Canada plan, and re-framed its recommendations to fit late-stage pandemic realities. Our key themes and positions are summarized below, along with our assessment of the government's performance, in both the budget and in its broader actions to date.

Responsible Resource Development

D-

RECOMMENDATION: Merit Canada wants a clear national vision and strategy to responsibly leverage our diverse energy and other resource-development opportunities. We need policy to enable investment in the increasingly innovative extraction and export of our in-demand conventional energy products. We also need to fully capture clean growth opportunities such as liquified natural gas.



FEDERAL PERFORMANCE: A necessary public investment was made to ensure continuation of the Trans Mountain pipeline expansion. But other export infrastructure projects have been allowed to wither on the vine, while legislative changes in areas such as impact assessments have impaired major project investment and feasibility. We risk sacrificing the socio-economic benefits of existing energy resources well before new clean growth opportunities have matured sufficiently to compensate for those losses.

Investment, Trade and Growth

D

RECOMMENDATION: Merit Canada appreciates the necessity and value of government support programs during the pandemic, but now wants a focused effort on expediting major private-sector projects as engines of economic recovery. Government has already taken on alarming new debt and cannot shore up the economy forever. Federal and provincial governments need to work together to identify promising private investments and to remove regulatory and other hurdles to their advancement.

FEDERAL PERFORMANCE: Long-term debt management is a renewed concern for Canada after the April budget, which relied on shaky assumptions regarding inflation and growth rather than any firm "fiscal anchor" to constrain public debt. Tax incentives were often narrow-casted to specific sectors and sizes of companies, with limited focus on smarter regulation or private sector-driven growth more broadly.

"There will be a generational opportunity to build Canada back and establish the foundation of a more productive, growing economy that enables shared prosperity for citizens." – Merit Canada Pre-Budget Submission

Open and Fair Government Procurement

C

RECOMMENDATION: A strong sense of collective responsibility was key to keeping pandemic impacts within manageable margins, and as we emerge into the post-pandemic era we need to



continue to be guided by inclusive approaches that benefit all Canadians. In construction, there is no more fundamental aspect of inclusivity than equal opportunity to bid on public projects, without regard to union status.

FEDERAL PERFORMANCE: The federal government has been subject to heavy lobbying from Building Trades Unions to implement discriminatory procurement practices favouring their membership. And that despite clear evidence across Canada that building trades union-only hiring – so called “community benefit agreements” – delivers far less in value for taxpayer money. While the budget did not signal a shift in procurement policy, Merit Canada will remain vigilant until securing a definitive commitment to open and fair tendering, protecting taxpayers and delivering equal opportunities to all construction contractors and workers.

Building Enabling and Sustainable Infrastructure

C

RECOMMENDATION: Federal infrastructure investment can both provide fast-acting economic stimulus, and lay the groundwork for a more productive economy over the long term. Merit Canada advocates a three-part approach focusing on: i) projects in the \$5-\$50M range, to disperse benefits across Canada (including remote and Indigenous communities); ii) already underway projects that were interrupted due to COVID; and iii) larger projects such as highways, transit and other gateway infrastructure that will address infrastructure gaps and improve productivity.



Elena Berd / Shutterstock.com

FEDERAL PERFORMANCE: In the context of the billions in new spending the Liberals rolled out in their April budget, productivity-promoting infrastructure got relatively little attention, and even important social objectives such as affordable housing came out with only a \$2.5 billion top up. Clouding the picture was the government’s tendency to stretch the term “infrastructure” to include natural assets and social programs. And now is the time to see the renewed Canada Infrastructure Bank begin to fund projects in every province across the country.

Skills Training and Education

B-

RECOMMENDATION: Skills shortages remain one of the most significant potential brakes on the construction industry’s ability to advance economic recovery, and the federal government needs to play an active role in skilling up workers for opportunities in our increasingly complex and innovative industry. Federal-provincial labour market partnerships will be key, focusing on flexible pathways towards career-long acquisition of skills and credentials, as well as on good labour-availability data.



FEDERAL PERFORMANCE: Skills development was a modest beneficiary of spending largesse in the April budget, and we welcome measures such as financial support for contractors to help offset the costs of taking on first-year apprentices, with added support for diversity in hiring. That contrasts, however, with a broader historic government preference for almost exclusively funding building trades union training programs at the expense of the more than 70 per cent of the national construction industry represented by Merit Canada.

Cross-County Construction Check-In

A round-up of recent activities and developments in the Merit Canada member associations.

British Columbia



Following the BC NDP's re-election, ICBA has been working to counter renewed threats of building trades union-only hiring that freezes out 85 per cent of the construction workforce from government funded infrastructure projects, and also of a return to card-check union certification. It has also launched a new Workplace Wellness program to help contractors and workers talk more openly about mental wellness issues. icba.ca

Saskatchewan



Merit Saskatchewan has been working closely with the Ministry of SaskBuilds and Procurement to ensure the association's members are aware of the timing of major stimulus-program capital projects, and have the opportunity to get further information. It is also encouraging prudent government planning of the timing of projects to minimize "booms and busts" in the construction economy. meritsask.com

Manitoba



Merit Manitoba is engaged in consultations relating to: quarantine requirements for resident and non-resident construction workers; apprenticeship modernization recommendations; and the proposed introduction of "social procurement" criteria by the City of Winnipeg, potentially including preferences for building trades union contractors. meritmb.com

Ontario



Merit Ontario continues to work to end card-based union certification. It has also been working with the provincial government on delivering much needed funding and supports for open shop contractors, such as the recent announcement of \$47 million to hire more apprentices, improve the quality of their training and help them progress towards certification. meritontario.com

Nova Scotia



Merit Nova Scotia's members are enjoying good work volumes, although tempered by the impacts of skyrocketing building material costs. With construction investment in the province up by more than 25% over January 2020, and by even more in Halifax, the association is working with the apprenticeship agency, community college and industry stakeholders to address skill shortages. meritns.com



Construction InSites covers issues and current developments relating to the construction sector federally and within the provinces represented by Merit Canada. It is produced regularly for member contractors, policy makers and commentators, and for all Canadians with an interest in workplace democracy, accountability and transparency within one of the nation's most important industries.

Member Associations



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