

CANADIAN CONSTRUCTION InSITES

Five Key Priorities Come into Sharper Federal Focus



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with a strong mandate to implement his policy directions and campaign commitments.

Before last year's election, Merit Canada created a policy blueprint laying out five key themes that we believe the federal government needs to focus on, and specific recommendations relating to each. Action across these themes would secure and build upon the huge contribution construction makes to the

It's been an eventful and illuminating past few years in federal politics. The Conservatives won the popular vote in September 2021, but the seat count resulted in a second Liberal minority – which has since been shored up through a power-sharing accord with the NDP. The Conservatives, meanwhile, have elected a new leader

**Our long-term prosperity
is at risk – strong action by
government is needed now.**

health of the Canadian economy and to the vibrancy of communities from coast-to-coast-to-coast.

A year into the current term, we have serious concerns about the direction of government, and about the consequences for Canadians' standard of living and long-term prosperity. So, at this pivotal point in our national political trajectory – and with as much as three years to go in the current government's mandate – we've taken stock.

Garnering insights from last fall's Throne Speech, the terms of the Liberal-NDP Accord, and the spring budget we've mapped out where we're likely headed with respect to Merit Canada's priorities, and compared that with the direction now set by the Official Opposition. It's a study in sharp contrasts, and a good reference point for Canadians in judging policy outcomes and political options in the months to come.

Labour Shortage Risks Putting Brake on New Housing Supply

Opportunities abound in and for the construction sector, but the combination of industry growth and an aging workforce has made an acute shortage of workers the biggest single challenge contractors face.

Vacant Positions Construction Industry is Actively Looking to Fill (seasonally adjusted)

| Q1 2020 | Q4 2021 | Q1 2022 |
|---------|---------|---------|
| 38,800 | 76,100 | 81,500 |

**Construction Industry
Recruitment Requirement
EXPECTED OVER
NEXT DECADE:
309,900**

**Driven in Large Part by
EXPECTED RETIREMENT
OF 22%
of Current Construction
Labour Force**



Source: StatsCan (<https://www150.statcan.gc.ca/n1/daily-quotidien/220621/dq220621b-eng.htm>), Employment & Social Development Canada/Buildforce

A Compare-and-Contrast on Merit Canada's Policy Blueprint

INVESTMENT, TRADE & GROWTH

STATUS: Canada has a lacklustre reputation in attracting investment and leveraging export opportunities. Poor federal spending discipline is adding to the national debt and taxation pressures, and the federal government failed to follow the lead of more than 50 other national governments that cut taxes during the pandemic or to ease the inflation burden.

| LIBERAL-NDP | OFFICIAL OPPOSITION |
|--|---|
| <ul style="list-style-type: none">• Economic strategy outlined in Budget 2022 focuses heavily on “green transition”• Budget included tax hikes, added more than \$31B in net new spending over five years, and forecast a 2022-23 deficit of \$52.8 billion• “Fiscal Anchor” consists only of unspecified commitments that debt-to-GDP ratio and deficits will decline• There has “never been a strong business case” to export LNG to Europe | <ul style="list-style-type: none">• Carbon tax and payroll tax hikes would be eliminated and a Tax Reform Task Force would focus on further tax reductions and an improved investment climate• Government would be required to match each dollar of new spending with a dollar of savings (with some exemptions)• Long-term natural gas supply agreements with Germany and other European allies would be pursued |

BUILDING INFRASTRUCTURE

STATUS: The Parliamentary Budget Officer estimates that in August house prices in major cities coast-to-coast averaged 67 per cent above what would-be buyers can afford; and the Federation of Canadian Municipalities reports that 40 per cent of Canada's roads and bridges are in fair, poor or very poor condition. Investments in productivity-enhancing infrastructure have been modest, and in 2020, the World Bank ranked Canada #64 in the length of time it takes to approve and permit a major construction or infrastructure project.

| LIBERAL-NDP | OFFICIAL OPPOSITION |
|--|--|
| <ul style="list-style-type: none">• No recent commitments to actively support major resource-development projects and NDP continues to oppose the federally owned Trans Mountain expansion• Government action on housing focuses on increased government supports for buyers and a pending Housing Accelerator Fund (HAF)• HAF relies on new spending and includes an aspirational target for faster construction rather than specific performance metrics• Liberal-NDP Accord includes unspecified commitment to “tackle the financialization of the housing market” | <ul style="list-style-type: none">• Would approve and support specific resource-development projects including west-to-east pipelines• Would seek to upgrade and move Canadian oil through the Port of Churchill in Manitoba• Would incentivize large cities to meet specific benchmarks such as: increase homebuilding by 15% annually, avoid egregious NIMBYism, and pre-approve high-density around major transit stations• Would sell 15% of federal government buildings for use as affordable housing |

A Compare-and-Contrast on Merit Canada's Policy Blueprint

RESPONSIBLE RESOURCE DEVELOPMENT

STATUS: The government has created impact-assessment requirements and export restrictions that have contributed to project cancellations such as the Energy East pipeline – and that hold us back from responding to Europe's urgent need for new natural gas suppliers, and from capturing emerging energy opportunities such as hydrogen production.

| LIBERAL-NDP | OFFICIAL OPPOSITION |
|--|--|
| <ul style="list-style-type: none">• Priority is to go “further, faster” on climate change measures, including a cap on oil and gas sector emissions that the industry says may mean production cuts• Liberal-NDP Accord pledges end to government financial incentives for fossil fuel sector (which in the NDP view includes a recent tax credit to support carbon capture)• Words “energy” and “oil and gas” made no more than a single appearance in each of the last Throne Speech and Budget Speech | <ul style="list-style-type: none">• Would repeal both Bills C-69 (impact assessment) and C-48 (tanker ban), and improve predictability of permitting process• Would take measures to double oil production in Newfoundland, and approve and support specific resource-development projects including west-to-east pipelines• Would re-focus climate action on technological solutions such as carbon capture |

SKILLS TRAINING & EDUCATION

STATUS: Some additional supports have been provided for apprentices and their sponsors, and for other aspects of skills development. But there is no rigorous strategy to address the potentially crippling skills shortages that are already being experienced in construction and other sectors, nor is there sufficient regard for the importance of labour market flexibility.

| LIBERAL-NDP | OFFICIAL OPPOSITION |
|---|---|
| <ul style="list-style-type: none">• Trades-related funding has continued to be directed inequitably to trade unions initiatives such as the “Union Training and Innovation Program”• Liberal-NDP Accord prioritizes “redeploying” workers out of energy sector• Liberal-NDP Accord promises to prohibit use of replacement workers during labour disputes in federally regulated workplaces – not just during lockouts but also strikes | <ul style="list-style-type: none">• Would incentivise occupational licensing bodies to make decisions on immigrant qualifications within 60 days, and enable issuance of credentials before skilled immigrants arrive in Canada |

OPEN & FAIR GOVERNMENT PROCUREMENT

STATUS: Federal construction procurement remains equitable on the question of union affiliation (or absence thereof), although the Building Trades Unions continue to demand preferential treatment.

| LIBERAL-NDP | OFFICIAL OPPOSITION |
|---|--|
| <ul style="list-style-type: none">The discriminatory and costly building trades union-only procurement model implemented by B.C.'s NDP government – similar to an approach that has been applied municipally in Ontario – is favoured federally | <ul style="list-style-type: none">Past Conservative governments have consistently supported open and fair procurement, and balanced labour legislation |

Sustainability and Energy Security: A Hit and a Miss on LNG

Canada's lagging position on liquified natural gas (LNG) exports illustrates a number of the challenges addressed in Merit Canada's policy blueprint. With faster action on LNG – of the kind the U.S. has taken – Canada could have realized tremendous investment, technological, environmental and geopolitical benefits. Neither country had any operating LNG terminals or exports in 2013, but they've been on very different trajectories since.

The LNG Export Story ... in the U.S.



- 1 Began exporting LNG in **FEBRUARY 2016***
- 2 Now the world's **LARGEST LNG EXPORTER** – averaging 11.1B ft³/day in 1st half of 2022
- 3 **23 facilities: EIGHT** export projects in operation, **FIVE** under construction, **TEN** permitted

... and in Canada



- 1 LNG export facilities proposed in Canada since 2011: **18**
- 2 Number approved and under construction: **TWO**
- 3 **ZERO** facilities operating – Still **NOT EXPORTING** LNG

* From Lower 48 States

Sources: <https://www.eia.gov/todayinenergy/detail.php?id=53719>; <https://cms.ferc.gov/media/north-american-lng-export-terminals-existing-approved-not-yet-built-and-proposed-8> (accessed Oct. 20, 2022)



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.

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