



**WRITTEN SUBMISSION FOR THE PRE-BUDGET  
CONSULTATIONS IN ADVANCE OF THE 2021 FEDERAL  
BUDGET**

**THE NATIONAL TRADE CONTRACTORS COUNCIL OF  
CANADA (NTCCC)**

**Submitted: February 19, 2021**

## **SUMMARY OF RECOMMENDATIONS**

1. NTCCC strongly recommends that the federal government accelerate the delivery of infrastructure investments to stimulate the economy and create immediate jobs.
2. NTCCC recommends that the federal government invest in training opportunities to increase the skillset of workers in the skilled trades and invest in programs to promote careers in these trades, including incentives for employers to create new apprenticeship opportunities.
3. NTCCC recommends that the federal government promptly move to introduce regulations for the *Federal Prompt Payment for Construction Work Act* and bring the Act into force.

## **BUILDING BACK BETTER**

The issues surrounding delivery of infrastructure investments, training and job creation are interrelated and tie into multiple pathways to rebuild Canada's economy. This includes building critical core infrastructure throughout Canadian communities such as schools, hospitals, long-term care facilities, roads and bridges. Infrastructure investments lead to healthier communities, a stronger economy and jobs for Canadians. Without investment in new construction through different projects — which vary by type, size and location, contractors will be reluctant to hire. This hesitancy created by the unpredictability of work ahead, has significant impacts on the training regime and creates difficulty in placing first year apprentices and supporting the initiatives to bring more people to the trades.

This is why Budget 2021 must chart a plan for economic growth and recovery that addresses the need to accelerate the delivery of infrastructure investments while supporting the skilled trades workforce that must be in place to deliver these projects. The National Trade Contractors Council of Canada (NTCCC) and our partners are willing and eager to play a key role in driving Canada's economic recovery in the wake of the pandemic. However, the collaborative and continued support of the federal government working in step with contractors is needed for recovery and stimulus to be successful.

NTCCC is a group of like-minded national trade associations who have come together to identify issues of common interest. The members of the NTCCC are actively involved in several projects to assist, not only the constituent membership of each association, but the industry as a whole.

Currently, 80% of total construction work in Canada is completed by trade contractors. The NTCCC represents the ten largest national trade contractor associations, with membership from predominantly small and medium-sized enterprises. There are over 1.5 million Canadians currently employed in Canada's construction sector and the industry accounts for over \$140 billion of Canada's annual GDP.<sup>1</sup>

The 10 trade organizations that make up the NTCCC include:

- Mechanical Contractors Association of Canada
- Canadian Electrical Contractors Association
- Canadian Masonry Contractors Association
- Canadian Automatic Sprinkler Association
- Canadian Roofing Contractors Association
- Ontario Sheet Metal Contractors Association
- Thermal Insulation Association of Canada
- Interior Systems Contractors Association of Ontario
- Canadian Institute of Steel Construction
- Contractors Division of the Heating, Refrigeration and Air Conditioning Contractors of Canada

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<sup>1</sup> Canadian Construction Association, *Value of Industry*. <https://www.cca-acc.com/about-us/value-of-industry/>

**Recommendation #1: NTCCC strongly recommends that the federal government accelerate the delivery of infrastructure investments to stimulate the economy and create immediate jobs.**

In recent years, the federal government has made commendable and historic investments in infrastructure. In the most recent Speech from the Throne, the government committed to strong and bold action to get one million Canadians back to work, deliver on a resilient and green recovery, and stimulate the economy. The NTCCC knows that infrastructure is the best way to improve Canadian communities, quality of life, and to help build our country back stronger. There is a clear opportunity for the government to leverage existing funding commitments and the strengths of the construction sector in job creation and growth, to be a key driver in economic recovery. However, in order for this to be successful, the slow roll out of existing infrastructure commitments must be accelerated with an urgency to get projects moving forward. **The construction sector is ready and eager to meet the challenge of rebuilding Canada's economy but all levels of government must deliver on infrastructure investments immediately to make this possible.**

Despite \$57 billion dollars committed to existing infrastructure projects, these investments have been slow to roll out.<sup>2</sup> Without these investments getting to projects on the ground, planned projects have stalled and contractors do not have the backlog of work to rely on as they did in 2020. Without the predictability of future work, it is difficult for contractors to take on new apprentices and offer the skilled trades training that is critically needed to bolster this workforce. At the same time, communities are missing an opportunity for necessary improvements to core infrastructure, which would work towards eliminating Canada's infrastructure deficit.<sup>3</sup>

In the face of unprecedented government spending and borrowing, the federal government and Canadians need to see a clear return on every investment geared towards stimulating the economy in the months and years ahead. Investing in infrastructure has a proven track record of delivering a high return on investment that governments can depend on. The Public Policy Forum has found that for every dollar invested in public infrastructure, governments can expect to see a return of two to four dollars.<sup>4</sup> Not only are these investments proven to be the best way to stimulate the economy, they also create instant jobs and lasting assets for communities. These investments contribute to the overall improvement of the economic, social and environmental quality of life for all Canadians. In order for them to have this maximum potential impact on our communities and economy, it is critical that investments are delivered now.

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<sup>2</sup> Funding Delivered under the *Investing in Canada Plan*. <https://www.infrastructure.gc.ca/plan/funding-financement-eng.html>.

<sup>3</sup> The Canadian Infrastructure Report Card, 2019. <http://canadianinfrastructure.ca/en/index.html>.

<sup>4</sup> Public Policy Forum, *Building the Future*. <https://ppforum.ca/publications/building-the-future/>.

**Recommendation #2: NTCCC recommends that the federal government invest in training opportunities to increase the skillset of workers in the skilled trades and invest in programs to promote careers in these trades, including incentives for employers to create new apprenticeship opportunities.**

Challenges surrounding labour demand in the skilled trades are not new. Our industry has been, and will continue to be, impacted by aging demographics and a growing labour demand for years to come. Like many issues which predated COVID-19, the circumstances of the pandemic have only placed an increased urgency in addressing the need to support the skilled trades. In the Speech from the Throne last September, the federal government committed to creating one million jobs and efforts to quickly upskill workers to stimulate the economy. The government has also promised to make the largest investment in Canadian history in training and accreditation for workers. While these commitments acknowledge the challenges that lie ahead, addressing the labour shortage in the skilled trades specifically is vital to ensuring that Canada's workforce has the skills and training needed to support infrastructure projects across Canada.

Prior to the COVID-19 pandemic, demand for skilled workers was anticipated to reach over 50,000 by 2030, while over 257,000 experienced skilled workers were expected to retire over the same period. This generational turnover will result in a need for the industry to recruit over 300,000 skilled workers just to meet market demand.<sup>5</sup> The pandemic and related restrictions have also impacted recruitment and training for new apprentices, leading to a sharp decline in new apprentices joining the skilled trades sector. As a result of COVID-19, this sector lag has compounded an existing need for more skilled workers over the next several years. Without being addressed, Canada's bold economic recovery through infrastructure investments will be compromised by a lack of skilled tradespeople available.

The lagging rollout of infrastructure funding paired with decreased confidence in the predictability of work in the construction sector, has created barriers for apprenticeship opportunities needed to upskill new workers. Without a stream of predictable work ahead, contractors are less confident in their ability to take on new apprentices to support the major generational turnover in the skilled trades that has already created increased pressure on the industry. Currently, the industry finds itself in a short-term situation where demand for new workers is impeded by lack of confidence the availability of new work, which is contrary to the long term demand for more workers.

In order to achieve Canada's ambitious green recovery and significant infrastructure development, the government must promote much-needed labour growth by investing in training opportunities specific to the skilled trades and develop a program that will incentivize contractors to take on apprentices. Strong investments now will make a significant contribution to the government's promise of creating meaningful job opportunities for Canadians and create capacity for workforce turnover, meeting the needs of Canada's built environment for years to come.

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<sup>5</sup> Forecast by BuildForce Canada: <https://www.constructionforecasts.ca>.

**Recommendation #3: NTCCC recommends that the federal government promptly move to introduce regulations for the *Federal Prompt Payment for Construction Work Act* and bring the Act into force.**

In 2019, the federal government passed the *Federal Prompt Payment for Construction Work Act*. This legislation was an important policy step to bring us in line with other countries, such as the United States, United Kingdom, Australia and Ireland, and reduce significant barriers for contractors that prevent job creation and investment in Canadian industry. Despite this historic step, the government has yet to implement regulations allowing for the benefits of the legislation to be fully realized. While the COVID-19 pandemic delayed regulations, there was nearly a year prior to the pandemic that regulations were not produced.

Without an adequate prompt payment framework in place, there are several threats posed to the construction industry that prevent economic growth and job creation. These impacts include:

- Employment is lower because trade contractors assume significant risk of delayed payment or non-payment.
- Trade contractors resort to layoffs or delayed payments to their own suppliers to meet other payment obligations and many report contemplating bankruptcy.
- Fewer apprenticeships are created and supported due to long-term challenges that make it difficult to recoup on the investment in training.
- Trade contractors make fewer investments in new machinery and tools, which keeps Canada's construction sector less productive and competitive.
- Costs to the federal government and taxpayers are higher because there are fewer bids and trade contractors are forced to incorporate the cost of late payment into their bids, which drives prices up. This means that fewer businesses can operate sustainably, which results in less than optimal competition.
- Disputes about payment often end up in court, putting negative pressure on Canada's justice system.

By introducing regulations for federal prompt payment and bringing the legislation into force, the federal government will eliminate the number one barrier to efficiency in Canada's construction sector. Introducing regulations will have a stimulus effect in our industry at no cost to the government. It will also increase employment and apprenticeships, reduce federal government construction costs, and increase investments in new capital goods like machinery and equipment. Moving forward promptly with regulations will have significant benefits on small and medium sized businesses, tradespeople, apprentices, and families that depend on income from their work in the sector. Bringing this important legislation into force to make prompt payment a reality, will break down barriers to a successful economic recovery and facilitate efficient infrastructure development and job creation.