

April 30, 2020

Honourable Rod Phillips
Minister of Finance
Chair, Jobs and Recovery Committee
Frost Bldg S, 7 Queen's Park Cres.
Toronto, ON M7A 1Y7

Reference: Ontario's Post COVID-19 Economic Recovery – Opening of ICI Construction

Dear Minister Phillips:

The Ontario General Contractors Association (OGCA) proposes that the Industrial, Commercial and Institutional (ICI) construction industry is prepared to reopen now and provide economic relief for Ontarians, while maintaining the health and safety of our employees and their families from the COVID-19 pandemic.

On April 27, the Ontario Government released *A Framework for Reopening our Province*, a plan that lays out the government's approach to the next chapter in the ongoing fight to defeat COVID-19. In addition to this report, and to assist the committee and the Ministers responsible for rebuilding the economy, the OGCA would like to highlight three key considerations: **(1) that ICI construction is a key economic driver of the Ontario economy and will be instrumental to its recovery; (2) Ontario should use construction as a means to rapidly retrain and employ people in impacted jobs outside of the construction industry; (3) ICI Contractors' expertise in health and safety and our implementation of the government's COVID Safety Protocols make us a prime candidate to re-open in stage one of economic recovery, while maintaining worker safety.**

Above all else, the OGCA promotes that public health and the health and safety of workers and their workplaces must be paramount. Economic remobilization and recovery is pointless if it comes at the expense of the health of Ontarians. We commit that any worksite that cannot operate in compliance with the government's guidelines should not and will not operate.

(1) ICI Construction is a key economic driver of the Ontario economy that will be instrumental in post-pandemic economic growth

The COVID-19 shutdown has genuinely damaged the ICI construction industry. Statistics Canada estimated that Ontario's ICI building permits declined by 44% in March, as the industry felt the first effects of the coronavirus economic disruption. OGCA members have seen a 44.5% drop in their billings due to the shutdown.¹

The decline in revenue may also have a lasting impact. Some members are forecasting losses for the next three months until July of roughly 80-90%. This delay is because jobs cannot be started, or procurement cannot begin. So even if ICI construction was opened up tomorrow, many firms would be looking at months of delay for procurement and finding material/people.

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¹ On April 27, 2020, the OGCA sent out a survey asking members to provide the percentage of their billings that have been reduced due to the shutdown. Currently, members have lost an average of 44.5% of their billings due to the government shutdown.

The ICI construction industry represents a very significant segment of Ontario's economy, including **\$8,795.60 M** in construction projects (1.2% of Ontario's GDP in 2018)² and in 2019 over **\$21 billion in annual investments** in ICI projects (2019)³. In combination with the record high level of investment in ICI in recent years, this means that the industry is a critical economic driver, and every day that it remains partially closed costs the Ontario economy \$26 million in investment.⁴

The ICI industry, before the pandemic, employed more than 200,000 persons, of which about half have since lost their jobs. Your decision as to when the industry will start up will directly impact 100,000 workers and their families.

ICI construction can begin economic recovery as soon as work begins. As such, the reopening of the ICI construction sector should be a priority.

(2) Construction will employ workers who have lost jobs.

As the Ontario government begins to reopen the economy post-lockdown, we need to maximize employment. When government allows ICI construction to resume work, they will need to hire more workers to complete projects and respond to government stimulus incentives.

The COVID-19 closure of our economy has led to the loss of many jobs that will not return. Construction will not only restart closed projects but we will respond to the anticipated government stimulus spending. We must work with government to retrain and employ displaced workers as an integral component of the economic recovery plan.

The Ministry of Labour, Training and Skills Development will need to create new mechanisms to help those who lost their jobs find employment in occupations with a growing demand for labour—and rapidly build the skills required for their new roles.

ICI construction is in a unique position as an economic driver because the projects that are shutdown can resume work relatively quickly.

The Government has already proposed alternatives to the traditional means of training for those transitioning to construction. Through rapid training, skills assessments and partnerships with employers, Ontario could dramatically shorten training times while still equipping workers with the necessary skills. In doing so, those with more significant training could focus on more complex work and projects can be completed faster. We know there have already been numerous studies done on changes needed to skills training. Now, more than ever, is the time to go ahead with these changes.

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² Statistics Canada, 2018 Gross domestic product (GDP) at basic prices, by industry, provinces and territories (x 1,000,000), Table: 36-10-0402-01 (formerly CANSIM 379-0030).

³ Statistics Canada, Investment in Building Construction c 1 2 3, Table: 34-10-0175-01.

⁴ Calculated based upon the previous year's investment data and current projected losses for March and April in the ICI industry.

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The private sector is already reacting to the shutdown of the economy by eliminating discretionary spending. Industrial and commercial projects are being canceled, resulting in a greater capacity for governments to invest in shovel-ready projects and longer-term infrastructure investment. This is an excellent opportunity to jump start economic recovery while addressing the infrastructure gap.

(3) ICI Contractors have implemented Government's safety protocols and procedures to assure employees and their families are kept safe.

OGCA members are proud of the significant investment we make to keep workers and subcontractors healthy and safe. We addressed the sudden introduction of COVID-19 into the Province by immediately developing new procedures and standards to ensure all workplace parties remained safe. The OGCA also collaborated with labour partners to jointly develop new H&S protocols that the Chief Prevention Officer endorsed to become the Standard that was issued by this Government on March 29, 2020.

Once the Government is ready to phase in new worksites, including the expansion of construction-related activities, we have already ensured that the enhanced processes and procedures are in place to maintain healthy and safe sites. Clear direction, support and ongoing enforcement from the Ministry of Labour, Training and Skills Development is required for this to be achieved. We will continue to meet the high standards of care to limit exposure to our workers and will continue to invest in the health, safety and wellness of everyone involved.

We commend this Government's commitments to ensure the Occupational Health and Safety concerns of workers employed in essential workplaces remain protected so that they can continue to provide the much-needed services that we rely on daily. The OGCA works collaboratively with the Chief Prevention Office, the Ministry of Labour and other labour partners to establish and implement the new COVID-19 protocols in the Construction industry. The OGCA has also been actively working to secure PPE for frontline workers, and, as the PPE shortage continues, allow contractors to preserve PPE resources for frontline workers by adapting safety regulations to use non-medical PPE.

Recommendation:

The government must move quickly to re-open the ICI construction industry as soon as the easing of public health measures are met, as presented in the Framework for Opening our Province. We recommend you make this a priority.

OGCA members hold a wealth of knowledge about how the industry can recover in a safe and timely manner that will benefit everyone in Ontario. OGCA and other design and construction organizations will continue to cooperate with labour and Government to provide specific recommendations about how we can safely re-open construction and rebuild Ontario's strong economy. We will be providing those documents as they are created. In the meantime, please feel free to contact me or David Frame (416-735-6563 or david@ogca.ca) if you have questions.

Sincerely,

ONTARIO GENERAL CONTRACTORS ASSOCIATION



Clive Thurston
President

cc: The Hon. Doug Ford, Premier of Ontario
Hon. Laurie Scott, Minister of Infrastructure
Hon. Monte McNaughton, Minister of Labour