

METROPOLITAN ECONOMIC  
MOVEMENT

RELAUNCH **MTL**

# ENHANCED ACTION PLAN TO STRENGTHEN THE CONSTRUCTION AND INFRASTRUCTURE SECTOR

Co-developed by



ASSOCIATION  
DE LA CONSTRUCTION  
DU QUÉBEC

Content partner





## Michel Leblanc

President and CEO

- Chamber of Commerce of Metropolitan Montreal

The construction sector has always been seen as a cornerstone for reviving the economy after severe economic crises. This was the case after the Great Depression in the 1930s in the United States, when the U.S. government launched major public works to stimulate job creation and economic recovery. Closer to home, we can think of the development of the Montréal Botanical Garden, inaugurated in 1931. The current crisis is no exception. The importance of infrastructure projects for economic recovery has been proven by their rapid impact and spillover effects into the workings of the economy, particularly in terms of private investment.

In recent months, there have been calls for work to be accelerated and brought forward. Whether through the 2020-2030 Québec Infrastructure Plan, Bill 66 to accelerate certain infrastructure projects, the \$10 billion investment announced by the Canada Infrastructure Bank or municipal works, the three levels of government are counting on this strategic sector to stimulate recovery.

Government involvement is already having a positive impact. After construction sites were forced to interrupt work last spring to stem the pandemic, the pace of work, productivity and investment has picked up again. Montréal is gradually regaining the momentum it saw in the five years before the crisis hit. However, the consultations carried out for Relaunch MTL reveal that the construction and infrastructure sector is facing significant challenges that have been highlighted by the crisis. This is the case with the issues of labour scarcity and the adoption of new technologies and approaches to work, as well as the rules on access to public procurement, which are in dire need of updating.

In response, Relaunch MTL is putting forward concrete courses of action to seize the business opportunities generated by government stimulus packages. Now is also the time to revitalize the downtown core and improve our public infrastructure to build a greener, more sustainable and more inclusive recovery. In this way, we can once again turn a crisis into a lasting legacy for our cities and districts.



## Luc Bourgoïn

### General Manager

- Association de la construction du Québec (ACQ)

There is no doubt that the current pandemic is having a devastating effect on the economy of the Greater Montréal area, and the construction industry has not been spared by the virus. Indeed, the closure of construction sites between March 25 and May 10 and the return to work with new health standards shook the industry, which had to adapt quickly to the new post-pandemic reality.

However, governments' enthusiasm for economic recovery through public investment in infrastructure means that our industry will emerge from this crisis more easily than many other sectors. In fact, since June, the industry has been operating at virtually the same pace as before the pandemic. Although this situation is temporary, as the accumulated delays need to be caught up, it is increasingly clear that public investment will make up for the lack of private investment over the next two years.

The industry is now facing major challenges, and it is crucial that all industry players consult each other and provide concrete solutions to these challenges. In fact, the lack of labour is a situation that contractors have been dealing with for the past few years, and it

is imperative that efforts be made to improve access to the construction trades, increase the promotion of these trades to the entire population, improve training to make workers more efficient, and improve the planning of work and its scheduling throughout the year.

The industry must also make the transition to digital technology, a transition that everyone has long been waiting for. This transition must take place both at the start of projects, during the planning stages, and during implementation, by using the latest machinery and technological tools on construction sites.

In addition, public project owners will have to listen and adapt to the needs of the industry. Late payments are extremely harmful to construction companies, as they cause them cash flow problems, which all too often paralyze them. Moreover, better collaboration between public players during the implementation of private projects would be required in order to improve fluidity in the execution of the works. Finally, standardized bidding processes across government jurisdictions would also greatly improve matters.

# TABLE OF CONTENTS

	PAGE
<b>Message from Michel Leblanc</b>	<b>2</b>
<b>Message from Luc Bourgouin</b>	<b>3</b>
<b>Summary</b>	<b>5</b>
<b>Introduction</b>	<b>8</b>
<b>1. The situation before COVID-19</b>	<b>16</b>
• Strategic importance of the sector for the city's economy	18
• Key development issues prior to COVID-19	27
<b>2. Impacts of the crisis on the sector</b>	<b>34</b>
• The impacts of COVID on the sector	34
• Key development issues post-COVID-19	42
<b>3. Assessing the usefulness of aid measures</b>	<b>50</b>
• The aid measures affecting businesses in Canada	50
• Aid measures found to be successful in other jurisdictions	57
<b>4. Business opportunities</b>	<b>61</b>
<b>5. Courses of action for relaunching the sector</b>	<b>68</b>
• Courses of action	68
<b>APPENDICES</b>	<b>74</b>
• Bibliography	
• List of organizations consulted	
• Glossary	

# SUMMARY

## The construction sector as a cornerstone of the economic recovery

**Although the COVID-19 crisis has exacerbated some of the challenges faced by construction companies, they will benefit from significant business opportunities as part of the infrastructure stimulus packages announced by various levels of government.**

**The construction and infrastructure industry, as well as the design and architecture sector, have the potential to be key vectors in Montréal's transformation after COVID-19.**

The construction and infrastructure sector is of strategic importance to Greater Montréal: it is a key employment sector; it is a major contributor to the GDP of the city and the province; it is growing faster than many other sectors of the economy; and it contributes to the increase in per capita productivity while raising the city's and the province's international profile.

The current crisis has put the sector's activities on hold for a few weeks, reduced productivity on construction sites and created significant uncertainty in the real estate market, particularly for the retail and office sub-sectors. The crisis has also exacerbated some existing industry issues, such as labour shortages and shortcomings in public procurement processes, and highlighted some value chain pressures.

Nevertheless, the current crisis is also generating major opportunities for the sector, linked to the infrastructure stimulus initiatives announced by the various levels of government.

The federal government has already announced major measures to link economic recovery and sustainable development, while the Government of Quebec has brought forward certain investments in the Quebec Infrastructure Plan for 2020-2030. However, the construction and infrastructure sector requires an ambitious plan, mobilizing all the players in the ecosystem, to ensure its full participation in the city's revival as well as an effective and sustainable economic recovery.

# Business opportunities and recommendations

The construction and infrastructure sector can position itself as a driver of economic recovery.

## RECOMMENDATIONS

1. Seize the opportunities generated for the construction and infrastructure sector in the recovery plans
2. Invest in innovative and sustainable technologies and practices
3. Focus on the construction and infrastructure sector to support economic recovery in Montréal and Quebec
4. Streamline and accelerate administrative processes to improve the business environment for companies in the sector
5. Draw on best practices to review business models for major public infrastructure projects
6. Avoid red tape given the economic slowdown and high uncertainty
7. Continue to invest in and support talent acquisition and the arrival of construction labour
8. Put sustainable development at the heart of the sector's recovery
9. Use the full potential of public procurement

## Highlights from the priorities identified at the Strategic Forum on Construction and Infrastructure (1/2)

On November 23, 2020, the Strategic Forum on Construction and Infrastructure, organized by the Chamber of Commerce of Metropolitan Montreal and its partners, highlighted the issues facing businesses in this sector. Bringing together almost 450 participants, the Forum was an opportunity to discuss the highlights of the action plan and reflect on the sector's post-COVID future.

The Forum also included an interactive working session aimed at prioritizing issues and courses of action. The main findings are as follows:

- 1) **Pre-COVID challenges:** A large majority of respondents stated that **access to labour** is the challenge in the action plan that most resonates with them, followed by the **adoption of new technologies**.
- 2) **The long-term impacts of the current crisis:** Respondents determined, in almost equal proportions, that the most significant impacts of the crisis on the sector were as follows: 1) **the slowdown in investment and increased uncertainty in the real estate market**, particularly commercial real estate; and 2) **the impact on the vitality of the downtown area and the acceleration of urban sprawl**.
- 3) **The sector's courses of action:** Respondents would like to see the sector prioritize the **identification and integration of sustainable practices** that meet the criteria of cost-effectiveness and environmental impact, followed by **working with educational institutions** to ensure that training reflects the skills required by new technologies and recovery.
- 4) **Government courses of action:** We invited Forum participants to consider the situation from the perspective of governments in order to prioritize government action in the sector. Beyond relying on the construction and infrastructure sector to support economic recovery, two of the proposed courses of action were prioritized by respondents in almost equal proportions, namely 1) **continue to invest in and support the acquisition of talent and the arrival of construction workers;** and 2) **place sustainable development at the heart of the sector's recovery.**

## Highlights from the priorities identified at the Strategic Forum on Construction and Infrastructure (2/2)

**5) Other feedback:** The topics of **regulatory agility and public investment** (in particular, the need to pass Bill 66 and compensate for the decline in private investment) also emerged during the Forum as important priorities for the sector. The panelists also raised the importance of **a sustainable recovery**, where the environment and the management of waste and GHGs will need to be put forward, as well as **innovation** and aid to SMEs to improve their productivity by adopting new technologies.

Lastly, participants had the chance to share other ideas during an open-ended question period, leading to the definition of additional steps on the road to recovery.

Among these, specific to the industry:

- *“Review the entire supply chain to promote sustainable and environmentally friendly materials, adopt a simplified process, review public standards for awarding contracts to promote quality and avoid repetitive costs due to the poor quality of certain materials and work, revitalize our existing buildings instead of always building further away from centres, and review our modes of transportation.”*
- *“Develop a database on the predictability of contractors’ use of labour, especially for trades facing a shortage, to allow owners to better plan work and contractors to better bid (fair price) based on whether or not labour is in short supply at a given time.”*

... and specific to governments:

- *“Enact provincial legislation that provides for mandatory bonding to guarantee payments in the supply chain, as Ontario has done since 2018.”*
- *“Propose a method of awarding contracts that prioritizes innovation and eliminate the awarding of contracts to the lowest bidder.”*
- *“Facilitate the public procurement process to make certain contracts accessible to contractors who prefer less restrictive private contracts.”*

**The combination of the collaborative session highlights and the action plan that follows resulted in the roadmap proposed by Relaunch MTL for a stronger sector. The various stakeholders can implement the roadmap to ensure the recovery of the sector.**

# INTRODUCTION

# Relaunch MTL: An initiative to mobilize key stakeholders in Greater Montréal's economy

The COVID-19 crisis is having a significant impact on society as a whole. An unprecedented economic crisis has emerged from a health crisis. The impacts of this crisis on the city's economy vary greatly from one industry to another. While some sectors are experiencing significant losses and need to reinvent their business model, others are in a period of growth and are facing labour shortages. Although businesses and industries face significant challenges, there are many opportunities to be seized and the transition to a lower carbon economy remains a priority.

The current crisis is mobilizing all Montréal stakeholders. The provincial and federal governments, as well as the Communauté métropolitaine de Montréal (CMM) and its 82 municipalities, are making considerable efforts to contribute to the sustainable recovery of their economies.

In this context, the Chamber of Commerce of Metropolitan Montreal and some twenty partners started the Relaunch MTL movement, backed by the Government of Canada, the Government of Quebec, the Communauté métropolitaine de Montréal and the Ville de Montréal, in association with Investissement Québec and in collaboration with the Palais des congrès de Montréal. The aim of this movement is to mobilize all the players in Greater Montréal's economic ecosystem to revive the city's major strategic sectors.

Thanks to data and strategic information collected in real time, each sector will be subject to an analysis of the specific issues it faces.

The goal of the movement is to acquire a detailed understanding of the issues facing these sectors, to find solutions and to assist businesses and governments with decision-making. All this with a common aim: to succeed in reviving Montréal's economy.

The development of ten sector-specific action plans and a plan for the city centre is part of this movement. These plans will be expanded through a series of virtual events that will encourage discussion and the implementation of initiatives to propel the sustainable recovery of the city's economy and businesses.

# This document represents the recovery plan for the construction and infrastructure industry

This action plan for the recovery of the construction and infrastructure sector was developed as part of Relaunch MTL. The analyses, findings and courses of action are the result of a rigorous and accelerated process, taking into account the effects of the current crisis. They are mainly based on:

- a sustained contribution from the Association de la construction du Québec (ACQ), which includes studies, data, diagnostics, briefs, and approaches carried out on the margins of the crisis;
- a review of the literature on the consequences of COVID-19, both locally and internationally, and the measures put in place to address them;
- secondary research and additional information;
- interviews with key stakeholders in the community (see list in the appendix);
- KPMG's analytical framework and industry expertise.

This plan for the construction and infrastructure sector gives governments and industry stakeholders some short-term priority courses of action and others that are part of a longer-term sustainable recovery. Its scope is metropolitan, focusing on the territory bounded by the Montréal census metropolitan area (CMA).

It is understood that the courses of action will be refined during a strategic forum on November 23, 2020, through a participatory exercise with members of the industry.

*The scope of this action plan extends to establishments primarily engaged in any of the following activities: design (including architecture and engineering), construction, repair and renovation of buildings and civil engineering works, and land development and subdivision. This may involve new construction or the repair and renovation of existing structures. It includes the industrial, institutional, commercial, residential, civil engineering and roads sub-sectors. As the real estate sector is closely linked to the construction sector, it is also considered in some sections of this report.*

## TEN AREAS OF INTEREST:

- Retail
- Construction and infrastructure
- The creative industries
- Financial services
- Life sciences and health technology
- Information technology
- Clean technology
- Tourism
- Air transport and aerospace
- Transportation and logistics

# Greater Montréal: Solid economic performance before COVID-19

In the years leading up to COVID-19, Greater Montréal was a driving force in the province's economic growth.

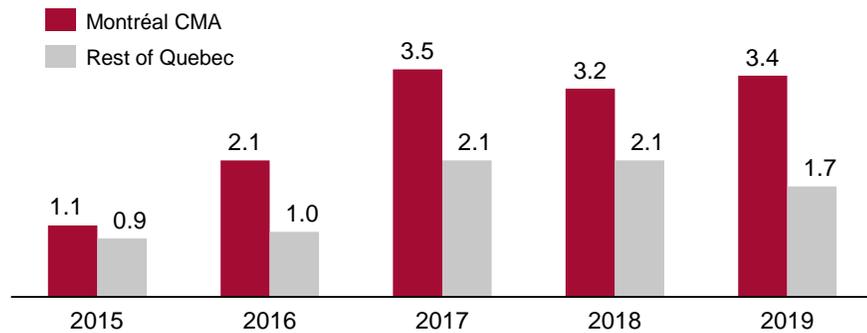
- Between 2016 and 2019, the growth rates recorded in the Montréal CMA were significantly higher than the economic growth in the remainder of Quebec. In 2019, the city's GDP even grew at twice the rate of the rest of Quebec (3.4% versus 1.7%), surpassing the growth rates of the other major Canadian CMAs.

The economy of Greater Montréal benefits from:

- a critical mass of businesses and jobs in several promising activity sectors that contribute to making Montréal a dynamic and innovative city (and that are all the subject of recovery action plans);
- massive investments in infrastructure—including the Turcot Interchange, the Champlain Bridge, Pie-IX Boulevard and the Réseau express métropolitain (REM);
- a real estate sector that is growing strongly—not only on the Island of Montréal, but also on the South Shore.

## Annual growth rate of real GDP, Montréal CMA and rest of Quebec

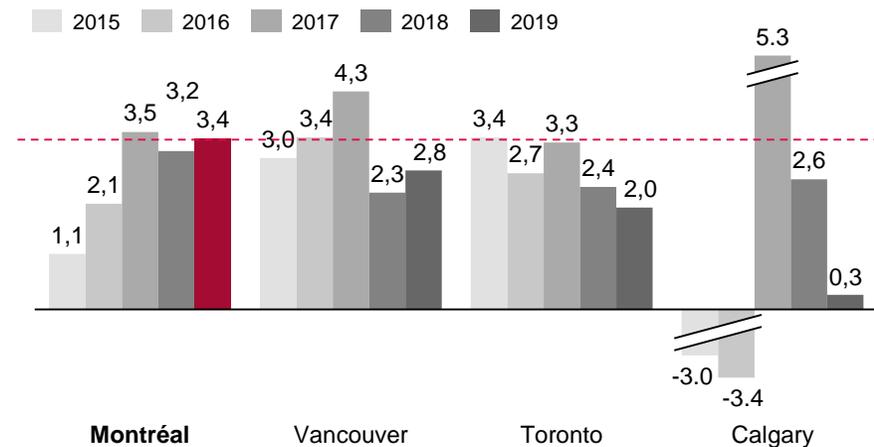
From 2015 to 2019, in %



Sources: Conference Board of Canada.

## Annual growth rate of real GDP, selected CMAs

From 2015 to 2019, in %



# Unprecedented impact and impressive rebound

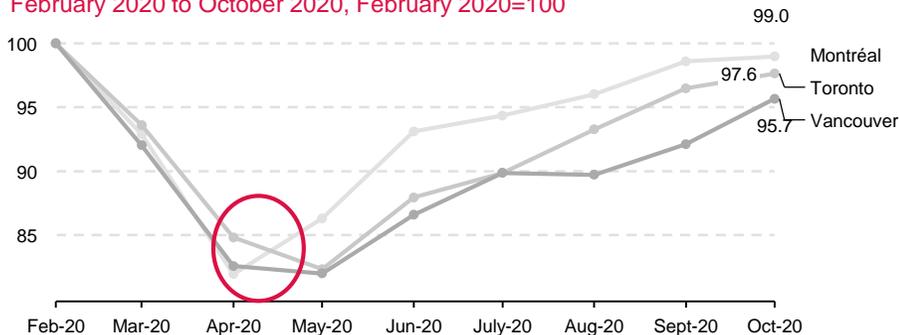
From February to April 2020, employment in the Montréal CMA fell by 18.0 points, rebounding in May and the following months.

- In October, employment remained 1.0% below February's level, but a decline is possible, given the current partial lockdown.

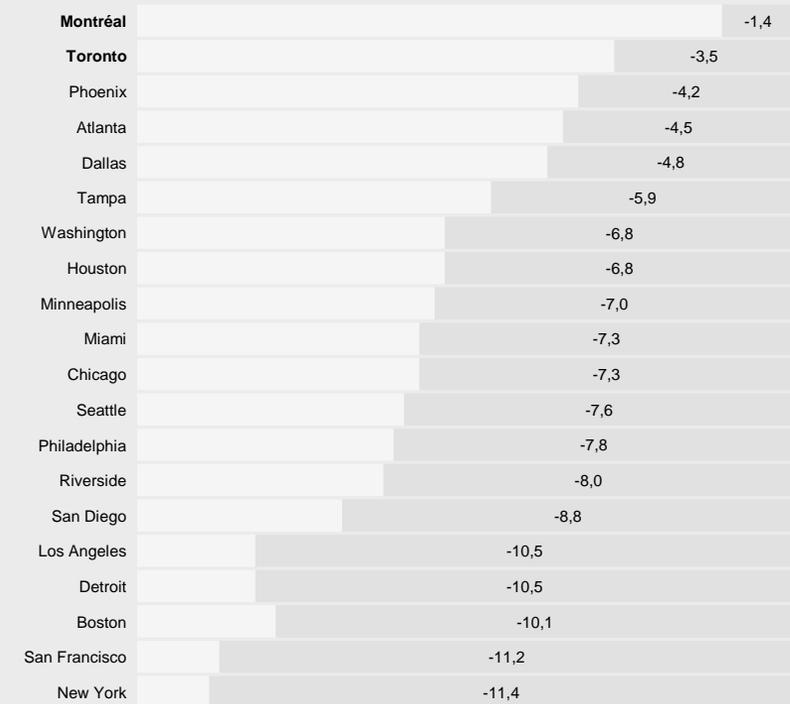
Montréal's rebound is the most significant of the 20 largest North American cities.

- The strength of government intervention has limited job losses, particularly through unprecedented household income support, with personal disposable income even increasing.
- The management of the health crisis has also made it possible to reopen more quickly, in comparison with our neighbours to the south.

**Employment Change, Selected Census Metropolitan Areas**  
February 2020 to October 2020, February 2020=100



**Change in employment in the 20 largest cities in Canada and the United States**  
February to September 2020, in %



Source: Statistics Canada (Table 14-10-0295-01); Metro Recovery Index (Brookings), 2020.

**Household and business confidence remains shaken, some health measures remain in place, and the productive capacity of the economy has been reduced.**

## The downtown area remains hard hit

Greater Montréal was hard hit by the COVID-19 crisis, with the lockdown extending over a longer period than elsewhere in Quebec. But it is downtown Montréal that has been—and remains—among the most affected.

- With its high concentration of jobs that lend themselves to telecommuting, the downtown area has been abandoned by many of its employees. A gradual return is under way, with offices being authorized to return to a maximum capacity of 25% of their workforce. At the end of September, it was estimated that only one-third of employers reached or surpassed the 20% mark.
- Due to the closure of the Canadian borders, international tourists are nowhere to be found. The occupancy rate for hotels in downtown Montréal fell by 83% between the summer of 2020 and the summer of 2019, while the hotel occupancy rate outside the downtown Montréal area fell by 25%.
- Shows, festivals and other events held in the downtown core were almost all cancelled from mid-March to early August, while activities at theatres, concert halls and museums were put on hold. In spite of an easing of the public health measures in August and September, the transition of the Greater Montréal area to a red zone on October 1 forced the return of the ban on gatherings, both indoors and outdoors.

### Variation in the number of jobs, selected sectors

Quebec, selected periods, seasonally adjusted data

	Variation February to April 2020	Variation February to September 2020
Accommodation and food services	-36%	-10%
Information, culture and recreation	-36%	-11%
<b>The economy as a whole</b>	<b>-23%</b>	<b>0%</b>

Sources: “Les bureaux du centre-ville de Montréal toujours presque vides” (La Presse, 2020); “Bleak summer seen for Montréal hotels, but outlook is better in regions like Charlevoix” (Montréal Gazette, 2020); Statistics Canada (Table 14-10-0022-01).

**Accommodation and food services, in addition to information, culture and recreation, remain the sectors most affected by the crisis.**

# A recovery that varies in speed and intensity depending on the sector and location

The majority of businesses in the metropolitan region will experience four phases of a growth recovery.

- Although the initial response phase to the crisis is behind us, some companies operating in the most affected sectors are still in the resilience phase, while others have begun the transition to the recovery phase, which aims to steer their activities back to pre-crisis levels.
- Not all companies and economic sectors will make their way through the various phases of a return to growth at the same speed, and some may experience a setback during the second wave. The extent of change needed to adapt business models to the new reality will vary sector by sector.

**Most companies have begun to reflect on the new reality that will emerge in the coming months and even years. The lasting repercussions that COVID-19 may have on companies' strategies or business models are at the heart of current concerns.**

## The four phases of growth recovery



Source: KPMG, July 2020, "COVID-19 : Sortie de crise : soutenir la relance de nos clients"

# An action plan structured around five components

This action plan is structured as follows:



# 1

## THE SITUATION BEFORE COVID-19

- ▶ • Strategic importance of the sector for the city's economy
- Key development issues prior to COVID-19

# A note on methodology

The scope of this action plan extends to establishments primarily engaged in any of the following activities: design (including architecture and engineering), construction, repair and renovation of buildings and civil engineering works, and land development and subdivision. This may involve new construction or the repair and renovation of existing structures. It includes the industrial, institutional, commercial, residential, civil engineering and roads sub-sectors.

- As the real estate sector is closely linked to the construction sector, it is also considered in some sections of this report.

In this plan, the data used are as follows:

- Statistics Canada (NAICS code 23) for the construction sector. This sector comprises establishments primarily engaged in constructing, repairing and renovating buildings and engineering structures, and in subdividing and landscaping. These institutions may carry out their activities on their own account or on behalf of other institutions with which they are bound by contract. They may be responsible for the execution of all or part of the construction project. This may involve new construction or the repair and renovation of existing structures.
  - The sub-sectors included are: building construction, residential construction, civil engineering works and all trade contractors.
- Statistics Canada for the Architecture and Engineering sector (NAICS code 5413). These data relate to the professions of architect as well as civil, electrical, industrial and mechanical engineers.
- At the same time, data from the ACQ and Commission de la construction du Québec (CCQ) on construction trades governed by Bill R-20, which consider only activities carried out on the site, are also used. These data include all building and civil engineering work carried out on site and on the job, including foundation, erection, maintenance, renovation, repair, modification, demolition and landscaping.

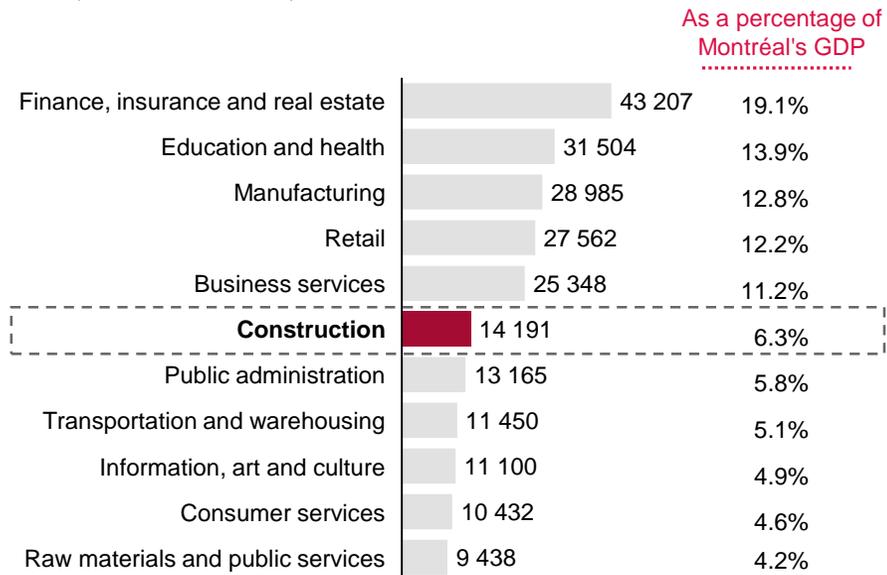
# A sector that contributes significantly to the GDP of the city and the province

The construction sector is not only one of the most important activity sectors in Quebec, it is also very important for the metropolitan economy. Every year, construction spending generates considerable economic benefits. In 2018, the sector accounted for:

- 6.3% of Montréal's GDP, a contribution of \$14.1 billion.
- 6.8% of Quebec's GDP, the 5th largest sectoral contribution to the province's economy.
  - 51% of this contribution comes from the Montréal CMA.

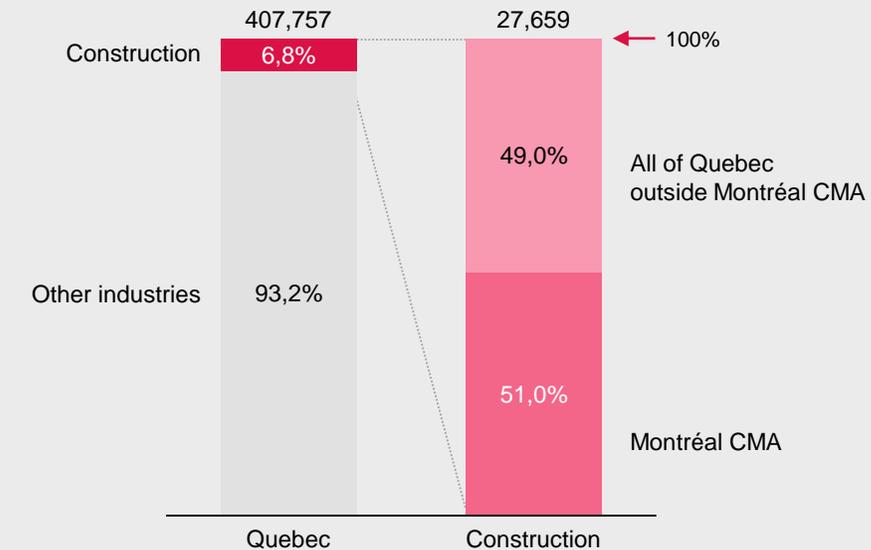
## GDP at basic prices by industry, Montréal CMA

2018 (in millions of dollars)



## GDP at basic prices, by Quebec industry

2018 (in millions of dollars and %)



Source: ISQ, 2018; ISQ, 2019; Commission de la Construction du Québec, 2019

# A key sector for employment

**Construction employs more than 112,000 full-time people**, or 5% of employment in the Montréal CMA.

- Provincially, in 2020, the construction sector employed over 288,000 people (approximately 275,000 full-time and 13,600 part-time)\*

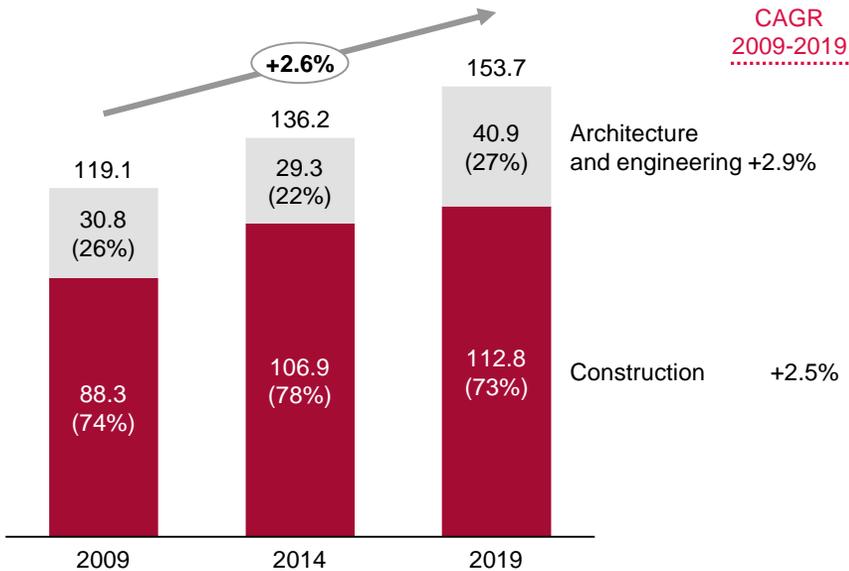
The related **architecture and engineering sector employs nearly 41,000 people**, or 1.8% of employment in the Montréal CMA.

- Over the past 10 years, employment in the construction sector has been growing at 2.5% per year, which corresponds to more than 24,000 new jobs. This growth was most pronounced in the related architectural and engineering sector, at 2.9% per year. The combined growth is 2.6% per year.

## Employment in the construction and architecture and engineering sectors

### Montréal CMA\*

2009, 2014, 2019 (in thousands of jobs)

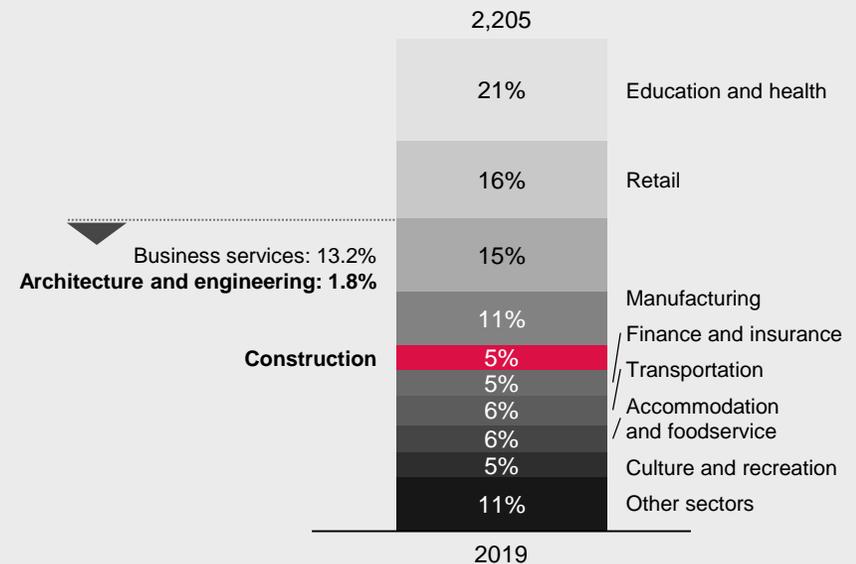


Source: Statistics Canada (Labour Force Survey), 2019 (1); Statistics Canada, 2020 (1) (14-10-0022-01)  
 \*The Labour Force Survey data only count full-time jobs in the sector.

## Distribution of jobs by sector

### Montréal CMA

2019 (% of total jobs; thousands of jobs)

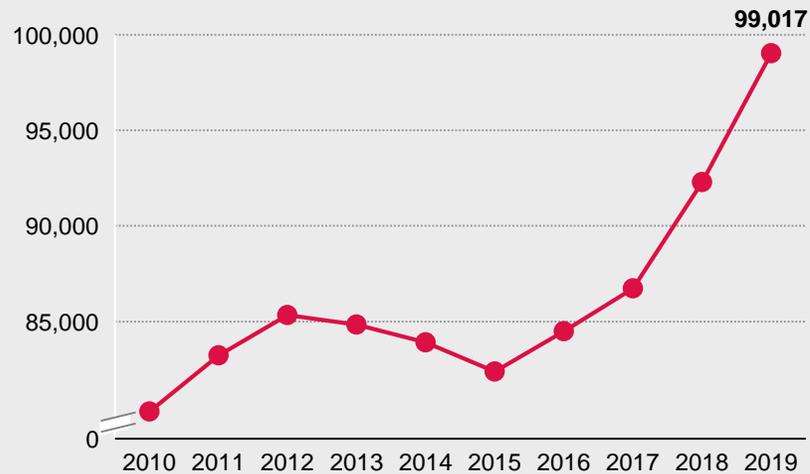


## Diversified and increasing number of jobs

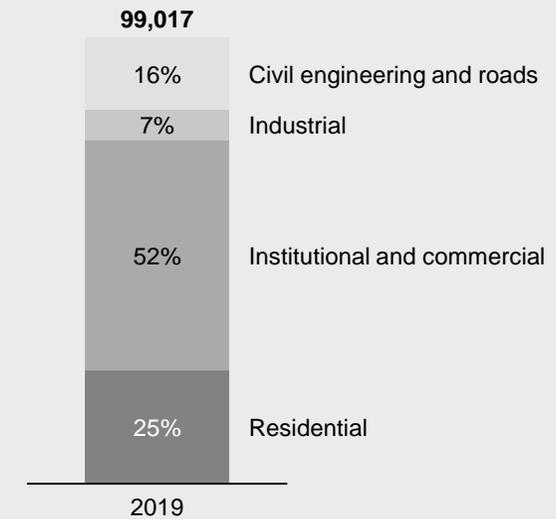
For construction sector employees subject to Bill R-20, the number of salaried employees grew by 7.3% between 2018 and 2019, to reach nearly 99,000 jobs\* in the Montréal CMA.

- 56.3% of construction workers subject to Bill R-20 reside in the Montréal CMA.

**Number of employees, Montréal CMA**  
2010-2019, by number



**Number of employees, region of residence, by sub-sector**  
**Montréal CMA\*\***  
2019



\*The data on employees subject to Bill R-20 include all workers who worked on a construction site for at least 1 hour during the reference year.

\*\*An employee may appear in more than one sector, but is only considered once in the total.

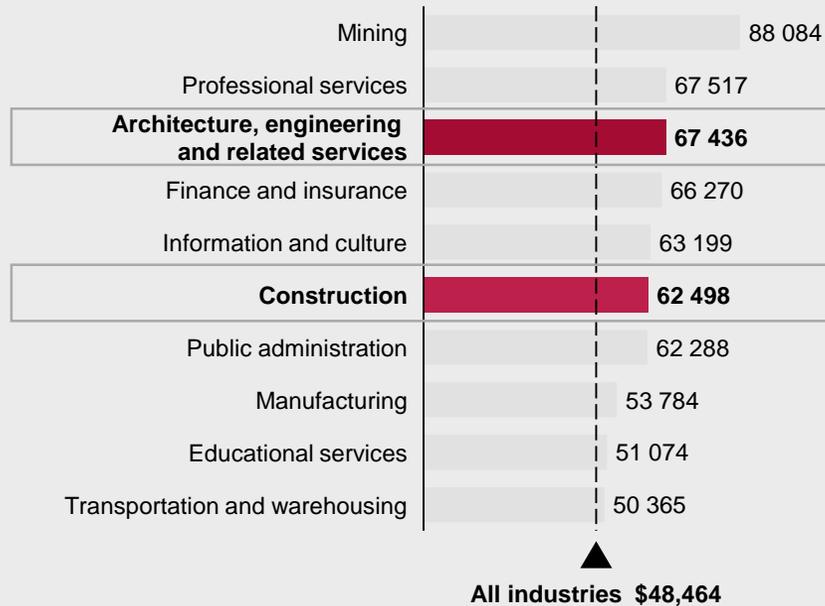
Source: Commission de la Construction du Québec, 2019

# Well-paying jobs requiring specialized training

In the construction, architecture and engineering sectors, wages are almost 29% and 39% higher than the average for all industries in Quebec.

A total of 19% of employees in the construction sector and 68% of employees in the architecture and engineering sector have a university degree.

**Average weekly earnings by industry, Quebec**  
2018 (in \$)



**Degree level, Montréal CMA**  
2018 (in %)

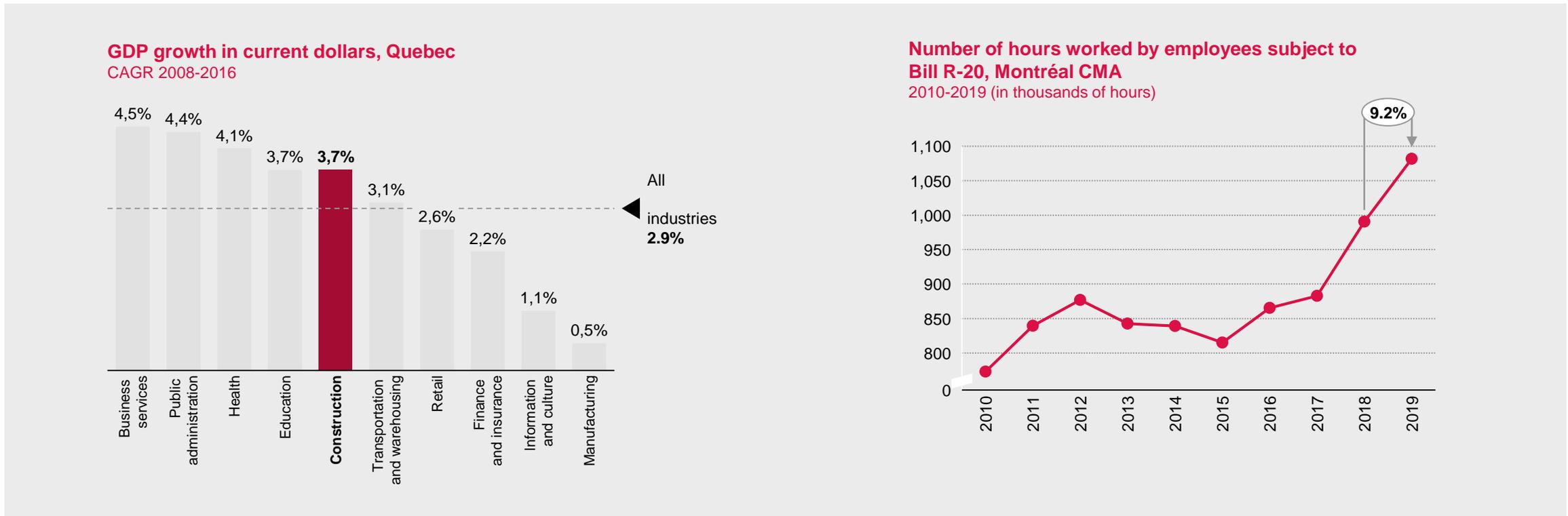
	Construction	Architecture and engineering	All industries
No certificate, diploma or degree	10%	1%	7%
High school diploma or equivalency certificate	15%	5%	18%
Apprenticeship certificate or diploma from a trade school, college, CEGEP or other non-university institution	52%	23%	33%
Certificate or university diploma below bachelor's degree	3%	4%	5%
<b>Certificate, diploma or university degree at the bachelor's level or above</b>	<b>19%</b>	<b>68%</b>	<b>37%</b>

Source: Statistics Canada (LFS), 2019; Statistics Canada (14-10-0204001), 2018

# Superior growth to several sectors of the economy

Between 2008 and 2016, the construction sector's GDP grew at an annual rate of 3.7%, which is higher than the 2.9% growth rate for all industries in Quebec.

This growth is particularly marked in Montréal. In fact, for construction workers subject to Bill R-20,\* the volume of work in the Montréal CMA increased by **9.2%** over the previous year, reaching **108 million hours**, a new record for the region. The main source of this growth came from the institutional and commercial sub-sectors (**+12%**).



Source: ISQ, 2018; Statistics Canada, 2019 (2) (36-10-0402-01); Commission de la Construction du Québec, 2019

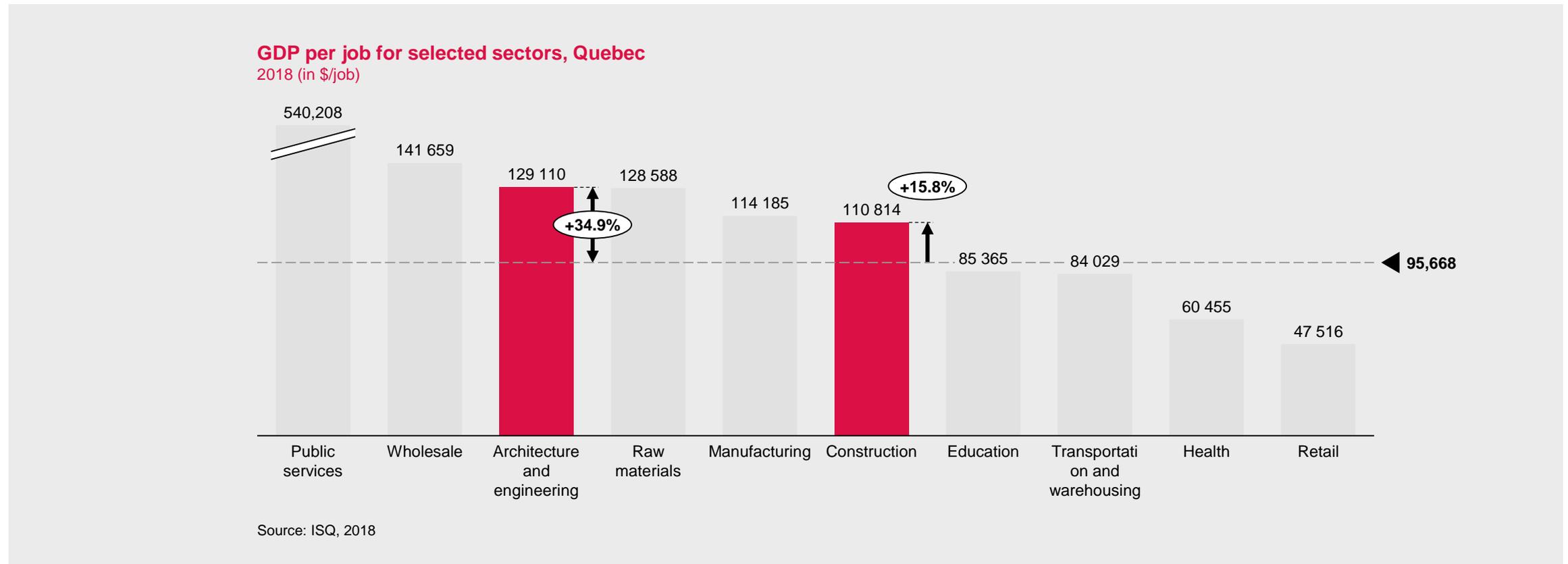
\*The Act Respecting Labour Relations, Vocational Training and Workforce Management in the Construction Industry (Bill R-20) concerns only about two-thirds of construction work, according to CCQ estimates.

## Contribution to increased productivity

With a GDP per job of about \$110,000 for Quebec as a whole, the construction sector has a productivity per job that is 15.8% higher than the Quebec average.

The related architecture and engineering sector posts a GDP per job of \$129,000, a productivity per job 34.9% higher than the Quebec average.

**These sectors thereby contribute to raising the overall productivity level of the Quebec economy.**

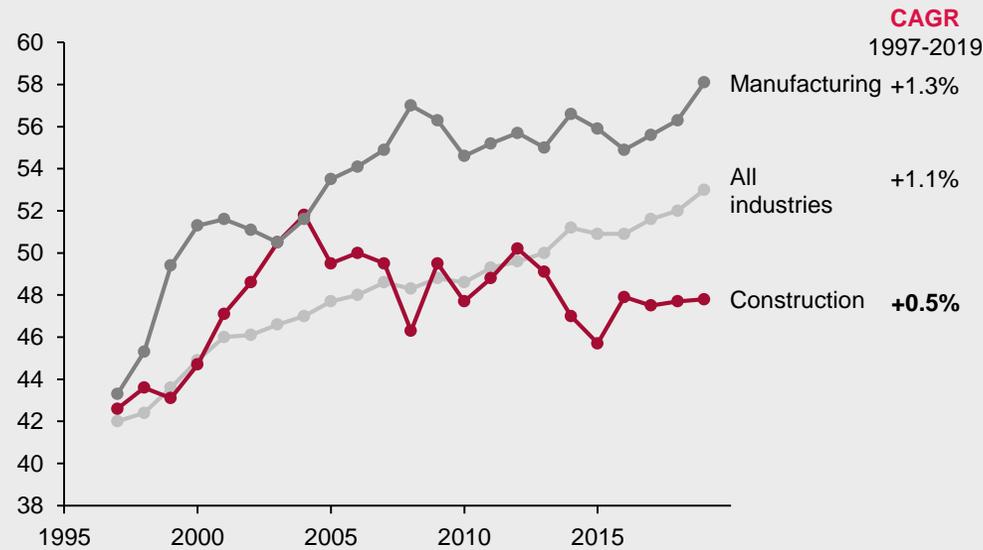


# Declining sectoral productivity

Despite a GDP per job measure higher than the Quebec average, the construction industry in Quebec, as in the rest of the world, is struggling to improve its productivity level.

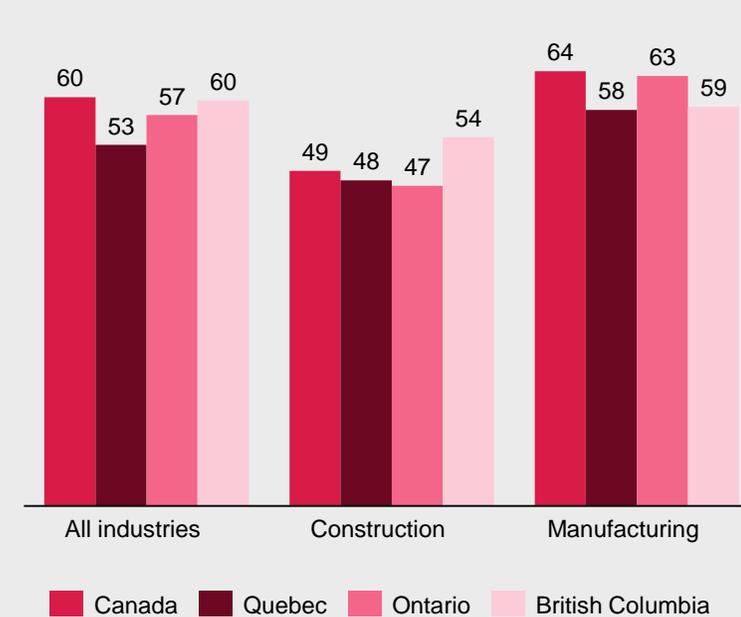
- Although the number of hours worked in the sector increased, real value added remains below that of other sectors of the economy such as manufacturing. This trend is partly due to relatively slow adaptation to new technologies.
- While Quebec appears to be lagging behind the rest of Canada in overall productivity, the sector remains at a level comparable to Ontario.

**Labour productivity,\* by industry, Quebec**  
1994-2019, chained dollars (2012) per hour



Source: Statistics Canada, 2019 (36-10-0480-01) (3)  
\*Labour productivity is the ratio between real value added and hours worked.

**Labour productivity,\* by industry, by region**  
2019, chained dollars (2012) per hour



## Several major construction projects are located in the Greater Montréal area

In 2019, 17 of the province's 36 largest construction projects were located in Greater Montréal.

### Major non-residential projects, construction sector, Montréal

2019

OWNER	DESCRIPTION	VALUE (in \$ millions)
CDPQ Infra	Réseau express métropolitain	6,500
Carbonleo	Royalmount commercial development	4,500
The Jacques Cartier and Champlain Bridges (JCCBI)	Construction of the Samuel De Champlain Bridge	4,430
Ministère des Transports	Reconstruction of the Turcot Interchange	3,673
CHUM	Construction of the new hospital and research centre	3,631
Hydro-Québec	Chamouchouane Project (La Doré/Montréal)	1,340
Devimco	Solar Uniquartier 'TOD' mixed development	1,300
Transport Canada	Reconstruction of the Samuel De Champlain Bridge's connection with the highway (Montréal/Brossard)	681

Source: Commission de la construction du Québec, 2019

# The sector has a strong influence on other business sectors

Important strategic buyer	Driving development and multiplying value	Boosting our reputation
<p><b>The construction industry is closely linked to the growth of other important sectors of the Quebec economy</b></p> <ul style="list-style-type: none"> <li>• Retail and wholesale, manufacturing, transportation and warehousing, professional services.</li> </ul> <p><b>Major buyer of raw materials and goods and services for other strategic industries</b></p> <ul style="list-style-type: none"> <li>• Information and communication technology.</li> <li>• Professional services: law, accounting, consulting, advertising, communication.</li> </ul>	<p><b>Infrastructure as the backbone of the economy</b></p> <ul style="list-style-type: none"> <li>• Investment in infrastructure improves mobility, creates greater employment opportunities and boosts overall economic productivity.</li> <li>• Efficient, high-quality infrastructure is essential for other economic activities and private investment.</li> </ul> <p><b>The economic impact of infrastructure projects tends to be higher than the value of the initial investment because of its multiplier effect</b></p> <ul style="list-style-type: none"> <li>• For every dollar invested in public infrastructure, more than \$1 of GDP is generated.</li> <li>• For example, in 2016, \$1 invested in non-residential construction generated \$1.078 in GDP, compared to \$0.79 for the manufacturing sector.</li> </ul>	<p><b>Sector with international reach</b></p> <ul style="list-style-type: none"> <li>• The Quebec construction industry has significant know-how at all stages of project development and structuring.</li> <li>• The sector draws attention to Montréal and Quebec abroad.</li> <li>• The architecture and design sub-sector promotes Montréal's creativity and know-how at home and abroad, notably through membership in creative networks (UNESCO Creative Cities Network) and showcase events (C2 Montréal).</li> <li>• The architecture and design of a city contribute to its identity. Some buildings and structures symbolize Montréal (e.g. the Olympic Stadium, the Jacques Cartier Bridge, the Samuel De Champlain Bridge, etc.).</li> </ul>

Source: Statistics Canada, 2016 (36-10-0113-01); Christopher Ragan for Maclean's, 2020; Deloitte, 2016; Office of the Parliamentary Budget Officer, 2019

# 1

## THE SITUATION BEFORE COVID-19

- Strategic importance of the sector for the city's economy
- ▶ • Key development issues prior to COVID-19

# The “pre-COVID” development issues of the construction and infrastructure sector



**ACCESS TO LABOUR.** While labour scarcity is an issue for most industries, it is particularly problematic in the construction and infrastructure sector. According to a study by the ACQ, there will be a shortage of nearly 20,000 workers per year to meet the needs throughout Quebec over the next ten years.



**DEFICIENCIES IN THE PROCUREMENT PROCESS FOR PUBLIC CONTRACTS.** Companies in the sector consider that these processes differ greatly from one public entity to another and that they need to be reviewed in order to encourage innovation, quality and sustainable development.



**LATE PAYMENTS.** Unjustified delays in payments have a chain effect and cause cash flow problems for many companies in the sector.



**ADOPTION OF NEW TECHNOLOGIES.** There is a global transition in the adoption of new technologies by the construction sector. However, there is a significant disparity in the ability of companies to adopt these technologies, which is splitting the sector.



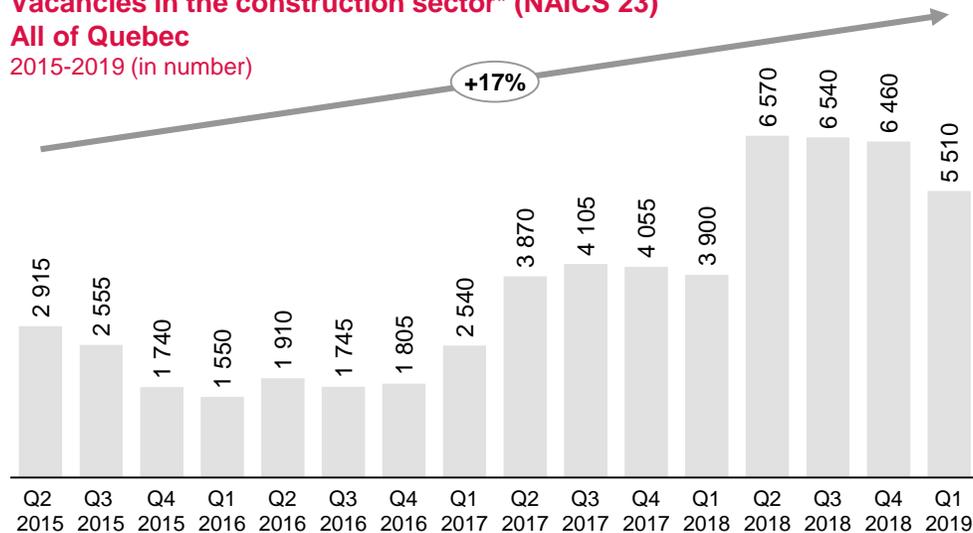
**TRANSITION TO SUSTAINABLE CONSTRUCTION.** Despite several initiatives implemented by the various levels of government in recent years to accelerate the transition to greener construction, the sector is struggling to reconcile sustainable development and budgetary constraints.

# Access to a skilled labour force is a major challenge for the construction sector

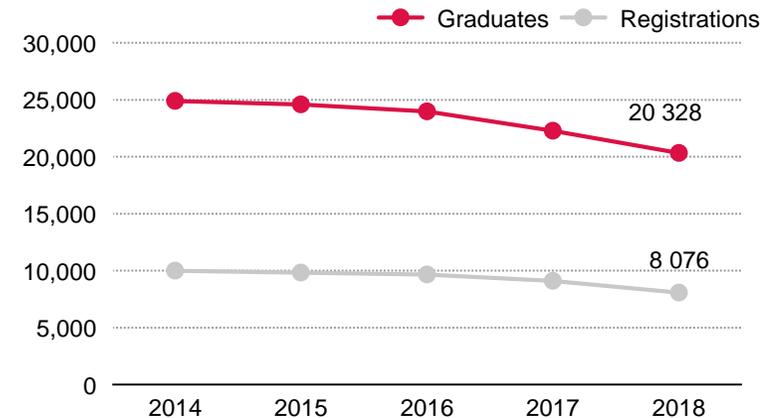
Prior to COVID-19, the Quebec labour market was facing a shortage of skilled labour. This problem was particularly pronounced in the construction sector, where the number of vacancies grew by an average of **17%** per year between 2015 and 2019. According to a study by the ACQ, there will be a shortage of nearly **20,000** workers per year to meet the needs throughout Quebec over the next ten years.

- Access to a sufficient number of graduates is important to meet the growing needs of the sector. A recent study conducted by the CCQ reveals that, despite a marked increase in the number of diplomas issued by the Ministère de l'Éducation and the Ministère de l'Enseignement supérieur since the early 2000s, a decline is observable since 2014, which is worrisome in a context of labour shortages.
- Some structural problems, such as certain normative frameworks of the industry (definition of trades, limits on mobility between regions and methods of access to labour, etc.) have also been identified as factors contributing to the challenge of accessing labour.

**Vacancies in the construction sector\* (NAICS 23)**  
**All of Quebec**  
 2015-2019 (in number)



**Registrations and graduation – Programs allowing the practice of a trade covered by Bill R-20**  
 2014-2018 (in number)



Source: Statistics Canada, 2019 (3) (14-10-0326-01); Raymond Chabot Grant Thornton, 2019; Commission de la Construction du Québec, 2019  
 \*Vacancies in the construction sector, as reported by Statistics Canada, include only full-time positions.

## Public sector procurement processes are flawed

Companies in the sector consider that the procurement processes for public contracts in Quebec have shortcomings that should be corrected, including the following:

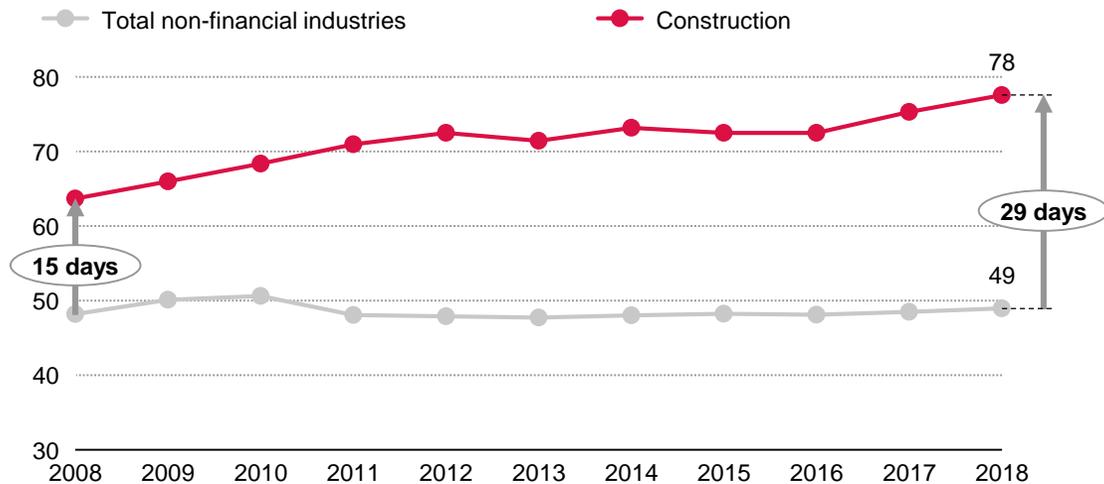
- **Fragmentation of public policy** surrounding public procurement, resulting from a lack of coordination both between different levels of government and between different ministries, municipalities and decision-making bodies. It generates additional bidding costs. The procurement processes are different for each municipality and ministry, resulting in additional costs for businesses in the sector and losses in the event of misinterpretation of the rules.
- Discrepancy between the desire to encourage innovative concepts and quality construction, which is often more expensive, and the predominance of the **lowest compliant bidder rule**.
- Use of the **lowest compliant bidder rule** making it harder for public procurement to promote innovation, new technologies and sustainable construction.
- Insufficient consideration is given to the **life cycle** performance of the structure.
- **Lack of rules allowing for collaboration** and dialogue between the private and public sectors at the planning and design stage of infrastructure projects.
- In the context of major public infrastructure projects, many companies in the sector would like **business models** to be reviewed:
  - The public sector's tendency to transfer most risks to the private sector on some major projects in recent years has led some companies to incur significant losses. The main players in the sector no longer wish to bid on such projects and the market therefore pays particular attention to risk sharing: each risk must be allocated to the entity best able to control it.
  - Companies in the sector encourage the public sector to foster business models that allow for better collaboration between architects, engineers and the client. The most commonly used business models are not adapted to this new reality of thinking.

# Late payments have a significant impact on the cash flow of companies in this sector and on the economy

A single construction project normally has a high number of stakeholders. Unjustified delays in payments have a chain effect and lead to cash flow problems for several players, especially those at the bottom of the pyramid. Companies that suffer the negative consequences of this system may be driven into bankruptcy, depending on the length of the delays and the number of sites on which they are working simultaneously.

- From 2008 to 2018, the average collection time for accounts for the construction sector in Canada increased by 14 days to an **average of 78 days**, almost **29 days longer** than the average for the rest of the non-financial sectors of the economy. These deadlines are similar for public and private contracts.

**Average collection time for accounts receivable (public and private), construction industry compared to other sectors, Canada (1)**  
2008-2018 (in number of days)



A study commissioned by the ACQ in 2015 estimates the economic impact of late payments on the Quebec construction industry:

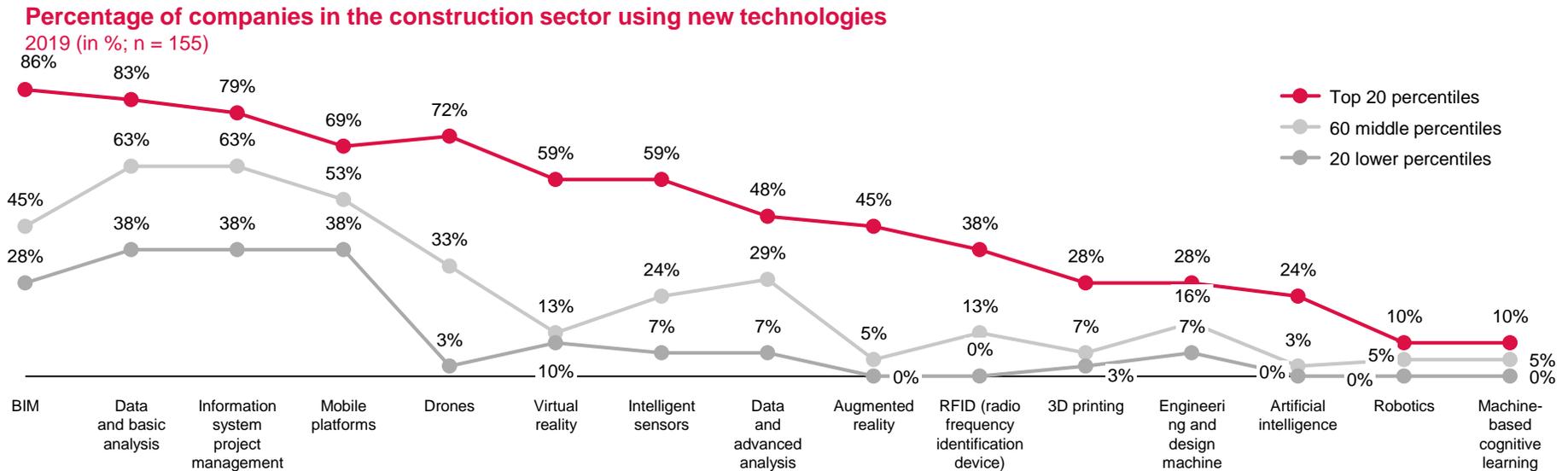
- > More than **\$7.2 billion** annually is paid beyond an average collection period of 30 days, representing almost **15% of total construction spending**.
- > The potential annual returns lost on capital tied up in accounts receivable are over \$709 million.
- > A total economic impact estimated at more than **\$1 billion** annually for the Quebec economy.

Source: Raymond Chabot, 2019; Statistics Canada, 2018 (2) (33-10-0006-01)  
(1) Average recovery period: 365 days / (sale of goods and services / accounts payable and accounts receivable)

# The adoption of new technologies is splitting up the sector

For several years now, the sector has been transforming to adapt to the new demand from real estate “users” and to the climate emergency. However, there is a disparity in the adoption of these technologies.

- Companies that rank as industry leaders are investing more heavily in new operational technologies such as **BIM** (building information modelling, a digital mock-up that integrates geometric views and different information), drones and virtual reality.
- On the other hand, many companies are struggling to integrate these new technologies because of the cost associated with their acquisition.
  - For example, while **72% of innovative companies in the sector** have already adopted drones in their operations, only 33% of typical companies in the sector and 3% of companies that usually lag behind in the adoption of new technologies have done the same.
  - Digital transformation, robotization and task automation are emerging as solutions to face certain challenges, such as those associated with labour. However, companies often have few resources available to integrate these new technologies or to train their employees.



Source: KPMG Future-Ready Index, 2019

## The need to go green is a major challenge

Construction is the **third largest producer of greenhouse gas emissions** in the province, accounting for almost 14% of the total. Doing things differently is a necessity and a prerequisite, more than an option.

Sustainable construction involves building, renovating or restoring a building while respecting certain environmental criteria at each stage of construction. The choice and use of materials are also important factors in sustainable development, particularly in the management of heating, energy consumption, water and waste.

Green construction is also reflected in the ambition to electrify transportation throughout the province, notably through major investments in infrastructure (public transit, charging stations for electric vehicles, etc.).

The various levels of government have taken several measures in recent years to accelerate the transition to sustainable construction, such as financial incentives (e.g. Quebec government programs like Novoclimat, ClimatSol-Plus, Technoclimat) or the implementation of municipal policies that take into account sustainable construction issues. As part of its 2030 Plan for a Green Economy, the Quebec government announced the EcoPerformance program, which is designed to support energy conversion and efficiency projects in commercial and institutional buildings, as well as to encourage heat recovery and reuse projects.

Many construction projects are now LEED certified. However, sustainable development remains the main challenge for design and architecture professionals according to a 2020 study by the Ville de Montréal's Bureau du design. Some of the issues identified prior to COVID-19 on this topic include the following:

- For architects, there is **a tension between sustainable development and budgetary constraints**, as well as a tension between sustainable development and conservation of built heritage. For budgetary reasons, clients often put constraints on the possibility of incorporating sustainable or green elements.
- Lowest-cost procurement policies and **lack of financial incentives to use greener construction methods and materials**.

# 2

## IMPACTS OF THE CRISIS ON THE SECTOR

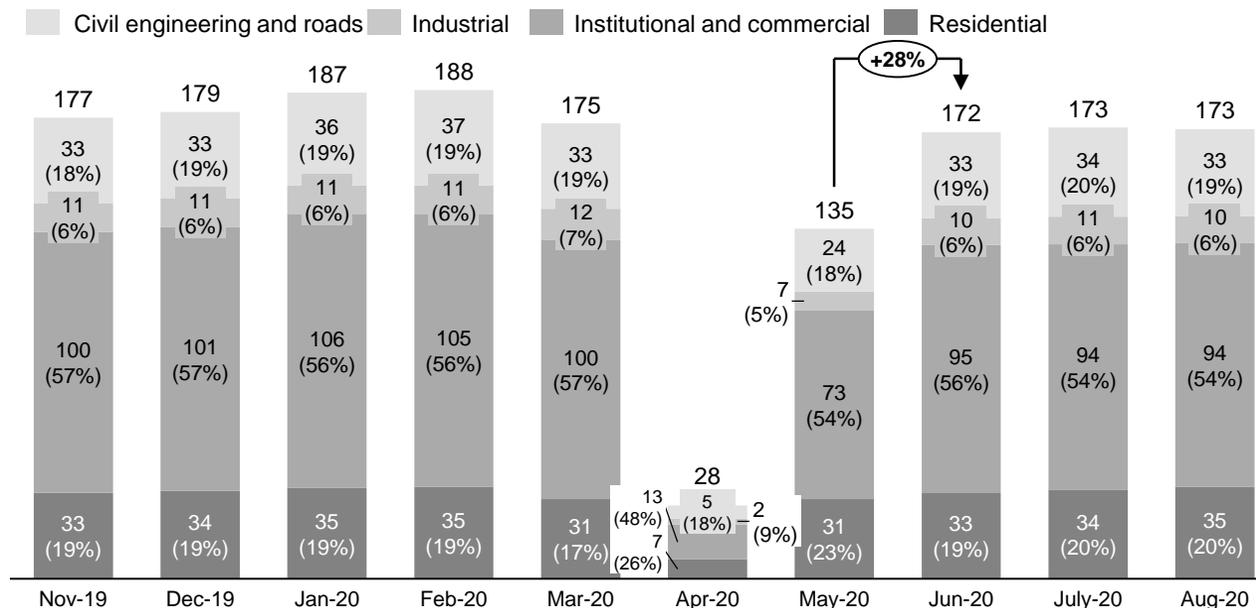
- ▶ • The impacts of COVID on the sector
- Key development issues post-COVID-19

# Recovery well underway after the closure of construction sites in the spring

Unlike many other sectors of the economy, the construction sector took only a brief seven-week break in activity.

The construction sector experienced its first full month of activity in June, since its recovery on May 10. Activity therefore increased, getting closer and closer to pre-COVID volumes. As a result, **172 million hours were worked (seasonally adjusted and annualized data)**, up 28% from May. This rebound suggests that construction is adapting well to the new health situation. Between June and July, construction continued its gradual ascent to pre-pandemic levels. However, there has been a slight decline of 1% since July.

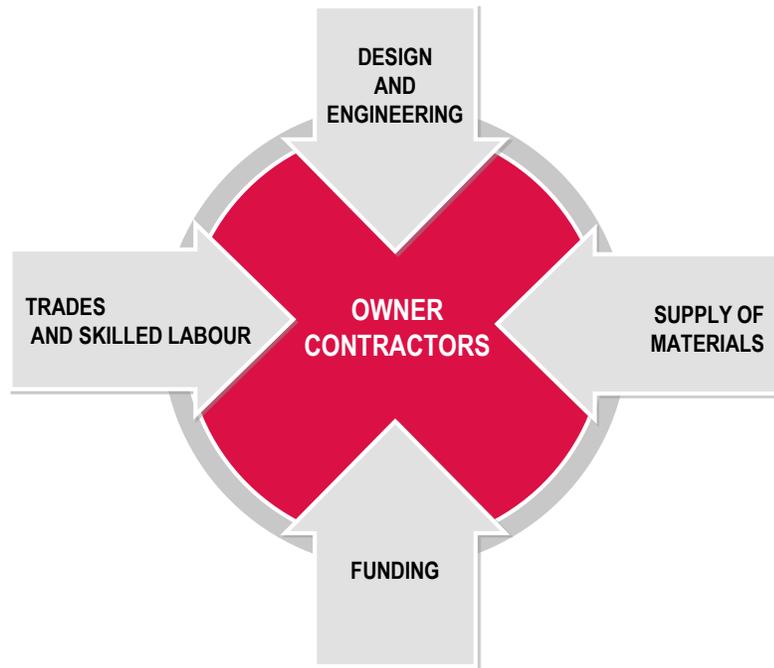
**Hours worked, all sub-sectors, construction industry, Quebec**  
2019-2020; seasonally adjusted and annualized data



Source: Commission de la construction du Québec, 2019-2020

## Health measures that reduce productivity

Construction sites are at the crossroads of four main value chains. Any disruption in one of these chains can have a significant impact on the completion of construction sites and thus on the productivity of the sector.



Source: KPMG, 2020; ACQ, 2020 (1)

- On construction sites, productivity is negatively impacted by the separation of trades, the **physical distance** to be maintained between workers and the increased requirements for protective equipment.
- The pandemic is forcing companies in the sector to apply all health and safety procedures on their work sites, including **health protocols**, social distancing, use of personal protective equipment (PPE), etc.
- Contractors and subcontractors must implement **protective measures** to keep workers exposed to COVID-19 away from construction sites.
- Emerging **best practices** on construction sites include encouraging sick workers to stay home, reducing large meetings and work hours, staggered meals, regular cleaning of shared offices and eating areas, increasing the capacity of medical facilities, and taking temperatures and assessing workers' symptoms before work begins.
- The ACQ has estimated that **productivity losses from implementing health measures range from 5% to 10% per day**, which has resulted in increased costs since it now takes longer to complete the same work. Although these productivity losses have been partially offset, they remain.

## An increase in commercial risks for the sector

Economic uncertainty, a temporary slowdown in activity and border shutdown are disrupting the supply chains of companies in the construction sector, in addition to increasing certain costs associated with the completion of construction sites.



Higher **labour costs** due to a more limited pool of labour caused by work extensions and lower productivity on construction sites as a result of health measures.

These effects exacerbate the pressures on access to labour in the industry.



Increase in the price of basic materials due to interruptions in the supply chain caused by the pandemic and other events (e.g. strike at the Port of Montréal, sawmill closures, etc.).

- Current and anticipated disruptions in the supply chain have slowed the receipt of construction materials.
- According to a survey conducted by the ACQ and the Association des professionnels de la construction et de l'habitation du Québec (APCHQ) at the end of August among their members, **87% of the 794 respondents said they had experienced problems with the supply of materials** since the beginning of the pandemic.
- For example, between December 1, 2019, and August 1, 2020, prices for structural items such as studs, beams and wood columns increased by an **average of 70%**.

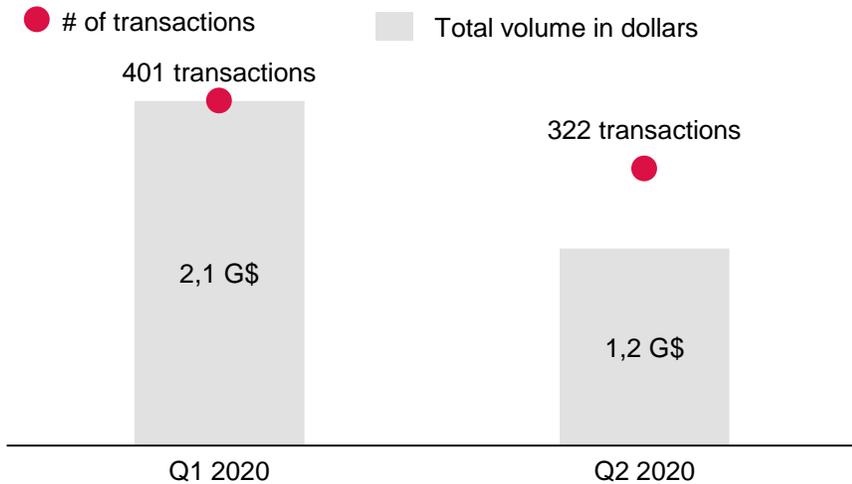
Source: Radio Canada, 2020; ACQ, 2020 (2)

# A slowdown in investment and increased uncertainty on the real estate market (commercial, industrial, multi-residential, rental and office)

Investors remain cautious about the impact of the pandemic, which is being felt across the sector globally. A significant slowdown in transactional activity was expected in Montréal in the second quarter and was observed.

While the Montréal market experienced strong activity in the first quarter of 2020 with **401 real estate transactions** for a total investment volume of **\$2.1 billion**, the second quarter of 2020 marks a slowdown, with **322 real estate transactions** for a total investment volume of **\$1.2 billion**.

**Real estate transactions, all sectors,\* Montréal 2020** (in billions of dollars and number of transactions)



- Combining the first two quarters of 2020, 723 transactions were completed and investments of \$3.3 billion were made for the first half of 2020.
- The number of transactions increased by **6%** compared to the first half of 2019, but the total investment volume **decreased by 17%** due to the lack of major transactions in the second quarter of 2020.

\*The real estate transactions included are: commercial, industrial, office and multi-residential rental. Source: Groupe Altus, 2020

# Commercial real estate more affected than residential

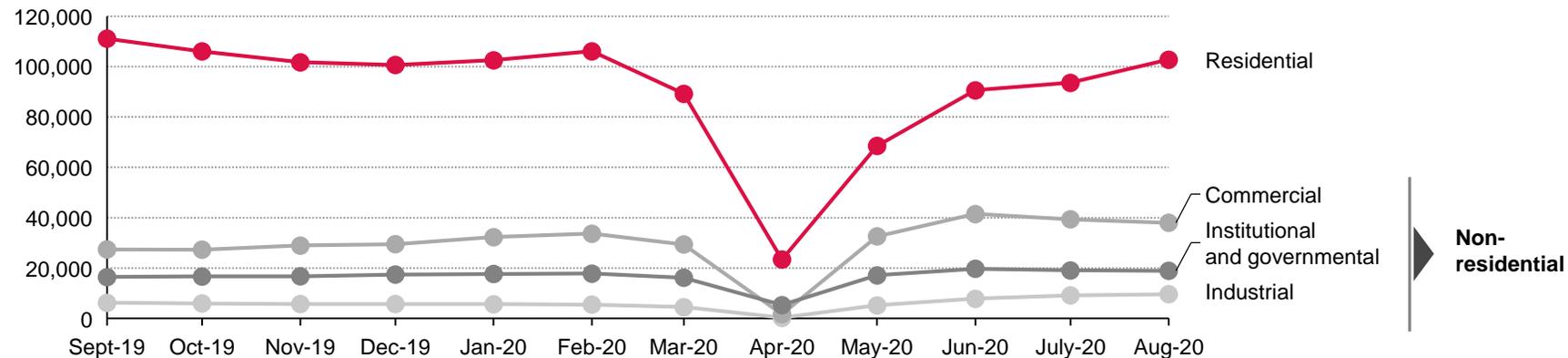
## COMMERCIAL

- While construction of office buildings continues, uncertainty about the future and the nature of the work is slowing the development of this sub-sector (which, however, recorded \$857 million in transactions for the first half of 2020, a 2% increase over the first half of 2019).
- The retail trade sector experienced the greatest challenges related to the pandemic. This sector experienced the largest drop in investment, with a **30% decline** from the previous quarter and a 48% **decline** when comparing the first half of 2019 to the first half of 2020.

## RESIDENTIAL

- Residential construction has shown resilience in the face of the pandemic, with investment in August 2020 reaching a level similar to the pre-COVID-19 period.
- This trend is partly explained by an acceleration in purchasing due to the increase in teleworking and historically low interest rates. According to a recent Altus survey, 9% of Montréalers plan to buy a home in the next year (up from 8% in 2019).
- Within the residential sector, there was also a marked increase in demand for suburban housing.

**Investment in building construction, by sub-sector, Montréal CMA**  
2019-2020 (constant seasonally adjusted dollars, x10,000)



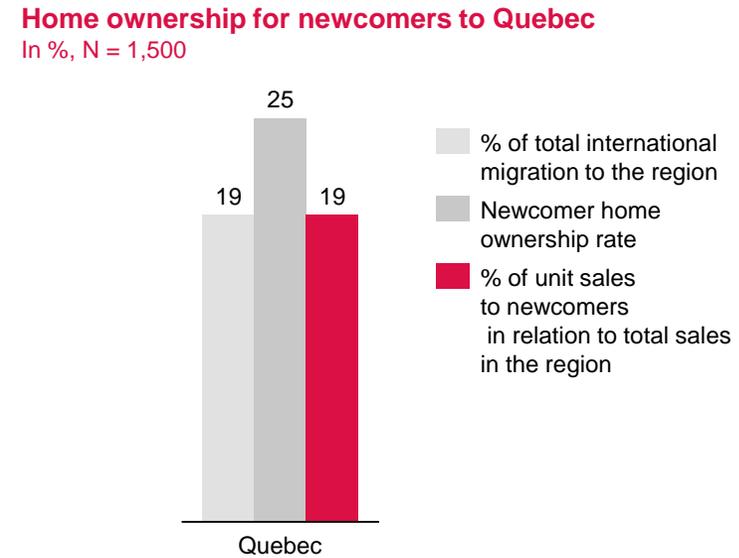
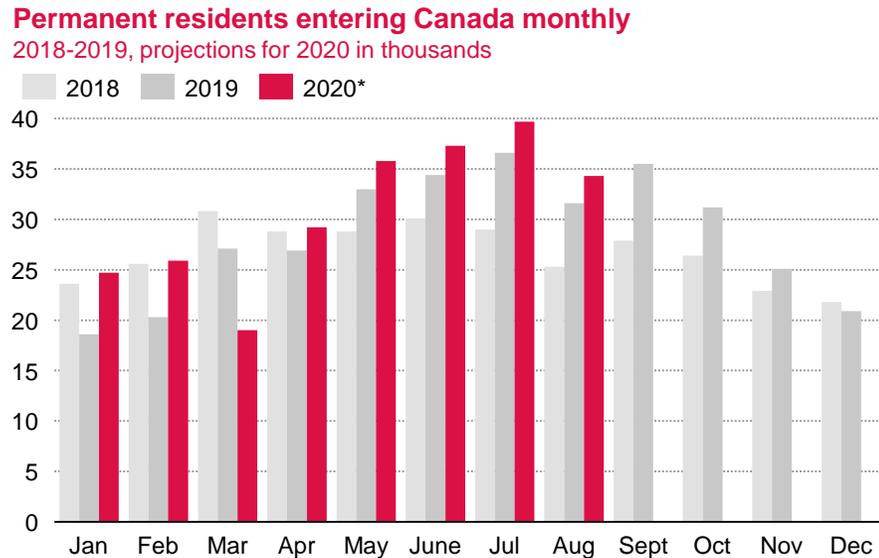
Source: Altus Group, 2020; Statistics Canada, 2020 (34-10-0175-01)

# In the longer term, delays in the reception of newcomers will affect residential construction

While residential construction has shown resilience in the face of the crisis, with 3% more housing starts in Quebec for the first nine months of 2020 compared to the same period last year, the longer-term outlook remains uncertain.

Indeed, the decrease in the number of new arrivals from abroad (already 30% lower in March 2020 compared to March 2019) is likely to lead to a decline in rental housing construction. The slowdown and delays in receiving immigrants will also have an impact on residential construction.

- According to a recent survey by Royal LePage, **1 in 5 homes** in Canada are purchased by newcomers to the country.
- This effect is likely to be felt over the longer term, as newcomers spend an average of **about three years** in Canada before buying a home



Source: RBC Economics, 2020; Royal LePage, 2019; CBC, 2020

\*The 2020 data represent projections of the number of permanent residents that Canada was expecting, but for whom access to the country will be impossible due to restrictions.

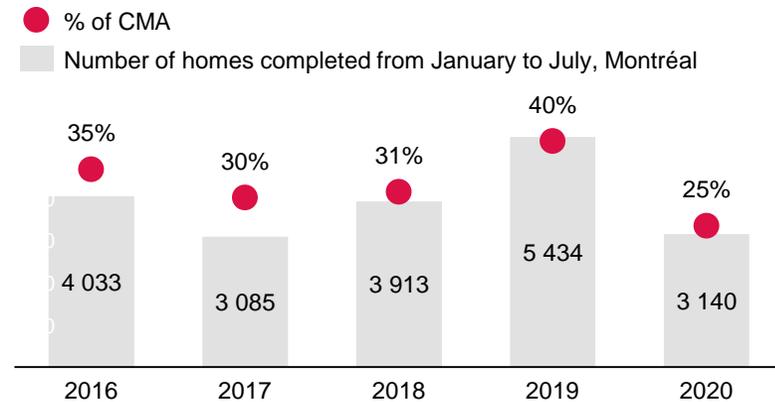
# A major impact on the vitality of the downtown area and an acceleration of urban sprawl

The vitality of the city centre is affected by the number of office workers, who account for nearly 30% of consumption in shops and restaurants, as well as the number of tourists. As a result of the health restrictions that have been put in place, there has been a significant drop in business downtown:

- Montréal has seen a 92% decrease in the number of people going downtown to work. This trend represents a major challenge, particularly for the city's commercial real estate.
- The introduction of teleworking in a large number of companies is accelerating the phenomenon of urban sprawl. This urban sprawl, accelerated by the construction of the REM light metro public transit system, significantly alters the prospects for construction in the city centre. Indeed, there is already a greater growth in the number of completed homes and the number of resales in the suburbs in 2020 than in 2019.

### Homes completed from January to July, Montréal

2016-2020 (in number and % of the CMA)



Source: UDI, 2020; CMHC, 2020.

### Homes completed from January to July, Montréal

2016-2020 (in number and % of the CMA)

	Total (June to August)		
	2020	2019	Variation
<b>Island of Montréal</b>	<b>5,388</b>	<b>4,500</b>	<b>20%</b>
Laval	1,540	1,205	28%
North Shore	3,622	2,326	56%
South Shore	3,364	2,563	31%
Vaudreuil-Soulanges	867	554	56%
Saint-Jean-sur-Richelieu	433	321	35%
<b>All suburbs</b>	<b>9,826</b>	<b>6,969</b>	<b>41%</b>

**In the longer term, the construction sector will face permanent effects related to the increase in telework.**

# 2

## IMPACTS OF THE CRISIS ON THE SECTOR

- The impacts of COVID-19 on the construction sector
- ▶ • Key development issues post-COVID-19

# Post-COVID development issues in the construction and infrastructure sector



**COMPANIES MUST ADAPT TO A NEW NORMAL.** For an as yet unknown length of time, companies in the sector have to operate with restrictive social distancing standards, many market uncertainties, etc.



**FORCE MAJEURE IS NO LONGER AN EXCUSE.** For new agreements, it is no longer possible to justify a delay in delivery, supply unavailability, etc., by force majeure in the legal sense, thus increasing the perceived contractual risk.



**THE PRESSURES ON THE VALUE CHAIN COULD BE MULTIPLE.** In a context of recovery, pressures could emerge on the supply chain and companies in the sector could face a number of contractual and financial constraints.



**DELAYS IN THE APPROVAL OF CERTAIN PROJECTS.** The Office de consultation publique de Montréal's (OCPM) public consultations have been delayed and the issuance of permits for certain projects by the boroughs could be delayed.



**STIMULUS PACKAGES COULD EXACERBATE SOME OF THE ISSUES THAT EXISTED BEFORE COVID-19.** For example, managing labour shortages in the sector in a context of recovery could be an issue.



**THE END OF AID MEASURES FOR INDIVIDUALS COULD HAVE A NEGATIVE IMPACT ON THE REAL ESTATE MARKET.** The impacts of the pandemic could take a few more quarters before they are really felt, since several aid measures are still in place.

## Companies must adapt to a new normal

For a still uncertain period, companies in the construction and infrastructure sector will be faced with a new normality characterized by:

- the implementation of worker protection measures, including social distancing standards.
- numerous uncertainties related to the market, regulations, the economy, etc., which make the business environment very complex.
- extended deadlines for the completion of work.
- the adoption of off-site construction methods.
- the continuous adjustment of supply chains.

## Force majeure is no longer an excuse

- Liability for delays, disruptions and commercial risks is generally set out in construction contracts and assigned to the party best positioned to bear them.
- Contractors were able to use the force majeure clause when necessary for contracts signed prior to March 2020, since the delays related to COVID-19 were totally unpredictable and beyond the control of the contractor, and therefore the contractor could not be held responsible. In these circumstances, the contracts gave the contractors the right to postpone the completion date of the projects.
- For new agreements, it is no longer possible to justify a delay in delivery, supply unavailability, failure of a staff member to report to a client, etc. by force majeure in the legal sense, thus increasing the perceived contractual risk.
- However, companies in the construction sector may determine in their contract what does or does not constitute force majeure and provide for how the obligations of the parties could be modified in such a case.

# There could be multiple pressures on the value chain during recovery

## SUPPLY CHAIN ISSUES

- Need to adapt the supply chain and transportation to government policies that change regularly.
- Additional costs related to revised government standards and policies.
- Difficulties for some suppliers to regain their pre-COVID-19 production levels

## CONTRACTUAL CONSTRAINTS

- Difficulty for contractors to meet their contractual obligations due to supply chain issues, labour availability, etc.
- Additional costs related to the extension of warranties on certain equipment due to delivery delays.
- Potential disputes related to force majeure clauses, legal changes or certain contractual clauses.
- Contract interruptions due to changes in the market.
- Possible inability of some companies in the sector to extend the validity of bank guarantees or letters of credit.

## FINANCIAL CHALLENGES

- Possible increase in labour, procurement and raw material costs.
- Additional costs related to the deployment of additional resources or equipment to ensure the delivery of the work according to the revised schedules.
- Risks related to the fluctuation of exchange rates.
- Impacts on the lending conditions of lenders.

## Additional difficulties in project development

### **Delays in public consultations**

- Following authorities' recommendations, the Office de consultation publique de Montréal suspended all its public activities between March and July 2020.
- This has led to delays in some public consultations, such as the Îlot Sainte-Catherine Ouest real estate project and changes to the Master Plan in Shaughnessy Village.
- The format of the consultations had to be adapted to allow citizens to find information and give their opinion in different ways.
  - Written consultation has, in some cases, replaced the traditional public consultation meeting.

### **Delays in permit approvals with the boroughs**

- Companies in the sector were already complaining about the time required to obtain building permits from the boroughs. COVID and social distancing measures could lengthen these delays.

### **Important changes in the city's business environment are expected soon**

- The Ville de Montréal has announced the By-law for a Diverse Metropolis that requires a building permit for any builder of a residential project of more than 450 m<sup>2</sup>, who will have to conclude an agreement with the Ville de Montréal in order to contribute to the supply of social, affordable and family housing. The Regulation is scheduled to enter into force on April 1, 2021.
- This regulation adds additional pressure on the construction and real estate sectors in times of economic crisis and uncertainty, and could potentially extend current delays in project approval processes.

# Stimulus plans could exacerbate some of the issues that already existed before COVID-19

## **Ensuring a context of healthy competition and avoiding overheating of prices**

- As we have seen in some major infrastructure projects, obtaining a sufficient number of bidders can be an issue. The structure of some transactions, bidding requirements (e.g. financial guarantees, language) or skill requirements may result in a lack of bidders.
- In a context of economic recovery through construction and infrastructure, companies in a position to bid on major projects could be led to choose certain projects (depending on their probability of success, commercial structure, the ability of the client to meet deadlines, risk sharing) rather than bid on a larger number of projects. This could result in an insufficient number of bidders on some projects and higher prices.
- An increase in housing starts could also result in an overheated market.

## **Managing labour shortages in the sector in a context of recovery**

- The sector's pre-COVID-19 labour issues are exacerbated: according to an ACQ study, there will be a shortage of nearly 20,000 workers per year to meet the needs throughout Quebec over the next 10 years.
- The issue of resource training, compliance with quality and existing standards will become problematic if demand increases.

## **Do not confuse speed and rush**

- Public infrastructure projects are regularly criticized for the slow planning and design process. While it is clear that some processes need to be reviewed, the processes currently in place are the result of decades of democratic experience in the sector. The implementation of certain projects must be accelerated by following established processes such as preparing a rigorous business case, analyzing different options, conducting environmental studies and selecting a business model that maximizes value added for taxpayers.
- The acceleration of infrastructure projects must respect the objectives of greener construction and use best practices in technology.

## The end of aid measures for individuals could have a negative impact on the real estate market

Mortgage relief measures and other programs put in place by the government to support the economy have slowed the publication of bad debts in Quebec. The number of notices of exercise issued in the province was 830 in the third quarter, **down 48% from a year ago**.

- A total of 152 abandonments were published in the Quebec Land Register during the third quarter of 2020, a 64% drop compared to the same period in 2019.

For some households, the payment deferral period has recently expired. Even if a majority of households are able to resume payments or will be able to do so soon, some will be forced to sell their property or return it to their creditors. As a result, an increase in bad debts is expected in the coming months. This recovery will surely be slowed by three factors:

- The replacement of the Canada Emergency Response Benefit with the Canada Recovery Benefit (CRB).
- A real estate market experiencing very high price increases and very short sales deadlines.
- Job losses, which affected renter households more than owners.

The impacts of the pandemic could take a few more quarters before they are really felt, since several aid measures are still in place.

Last 4 quarters	Notices of exercise		Abandonments		Notices concerning the sale under judicial authority	
	Administrative region	4 quarters	Variation	4 quarters	Variation	4 quarters
Province	4,697	-31%	1,047	-41%	934	-36%
Montréal	918	-19%	55	-55%	42	-49%
Laval	220	-28%	19	-	18	-

Source: JLR, 2020

# 3

## ASSESSING THE USEFULNESS OF AID MEASURES

- ▶ • The aid measures affecting businesses
- Aid measures deemed to be successful in other jurisdictions

## Few specific measures, but useful cross-cutting measures and promising recovery plans



Companies in the construction sector have benefited from the following measures:

- **Cross-cutting measures** put in place by the various levels of government, summarized in the following pages.
- **Mortgage relief** has slowed the reporting of bad debts for the sector.
- The Canada Emergency Response Benefit (CERB) has helped a good number of companies to retain their workforce during the few weeks of work stoppages.

---



Among the more sector-specific support measures are those **at the federal level**:

- **The Rapid Housing Initiative (RHI)**, which addresses urgent needs for new affordable housing for vulnerable Canadians. This \$1 billion initiative will quickly create up to 3,000 affordable housing units across the country. The RHI will fund the acquisition of land, the construction of modular housing and the conversion of existing buildings into affordable housing.
- **Canada Infrastructure Bank's (CIB)** stimulus package promises \$10 billion in infrastructure investments over the next 24 to 36 months. These investments are important opportunities for the construction sector in the Montréal CMA.

---



The more sector-specific support measures **at the provincial level**:

- **Bill 66**, which will accelerate infrastructure projects as part of the economic recovery.
  - The advancement of the **Quebec Infrastructure Plan**, which provides for close to \$13.9 billion in investment for the 2020-2021 fiscal year.
  - Finally, it should be noted that, according to a housing agreement in principle reached in September 2020 between Ottawa and Québec City, the province will receive \$1.8 billion over 10 years for the construction of 2,800 to 4,000 social housing units and \$2.2 billion to renovate low-rent housing.
-

# Aid measures deemed useful by the sector

		Description	Lead organization	Type of financial aid	Amount authorized	Comment	
Government of Canada	BDC	Loan program (SMEs)	Provides financing to financial institutions so that they can provide operating credit and short-term working capital loans to SMEs. Provides interest-free loans and liquidity to businesses <b>Type of company:</b> All or Canadian startups	Financial institution	Interest-bearing loan	Maximum of \$6.25M (80% BDC and 20% financial institution)	Open to companies in the sector
		Loan program (Middle market)		Financial institution	Interest-bearing loan	Between \$12.5 million and \$60 million	Open to companies in the sector
		Working Capital Fund		BDC	Interest-bearing loan	Up to \$2 million	Open to companies in the sector
		Bridge Financing Program		BDC Capital	Convertible notes	Equivalent to those made by investors	Open to companies in the sector
	Payment deferral	Deferral of sales tax payments	Deferral of GST/HST payments from March 31 to June 30, 2020  Deferral of tax return to June 1, 2020, and tax payments until after August 31	CRA	Deferred payment	N/A	Open to companies in the sector
		Deferral of income tax payments				N/A	Open to companies in the sector
						N/A	Open to companies in the sector
	Wage subsidy	Emergency Wage Subsidy (CEWS)	Allows employers who have suffered a loss in revenue to receive a temporary wage subsidy	CRA through the online portal	Subsidy	75% of salary paid; maximum weekly pay of \$847 per employee.	Very difficult for companies in the sector to access: conditional on a 30% drop in income, which is rare in the construction sector.
		Temporary wage subsidy	<b>Type of company:</b> All types except public bodies. The temporary wage subsidy is open to SMEs only	No application required	Subsidy	10% of salary paid; maximum of \$1,375 per employee, and \$25K per employer	Open to companies in the sector
	CECRA for small businesses		Provides forgivable loans to commercial property owners so they can lower the rent of small businesses <b>Type of company:</b> Small business	CMHC	Forgivable loan	Up to 50% of gross monthly rents (not exceeding \$50K)	Open to companies in the sector
Large Employer Emergency Financing Facility (LEEFF)		Provides bridge financing to Canada's largest employers to help them retain staff and keep their operations going <b>Type of company:</b> Large companies	(CDEV)	Interest-bearing loan	\$60M and over	Open to companies in the sector	

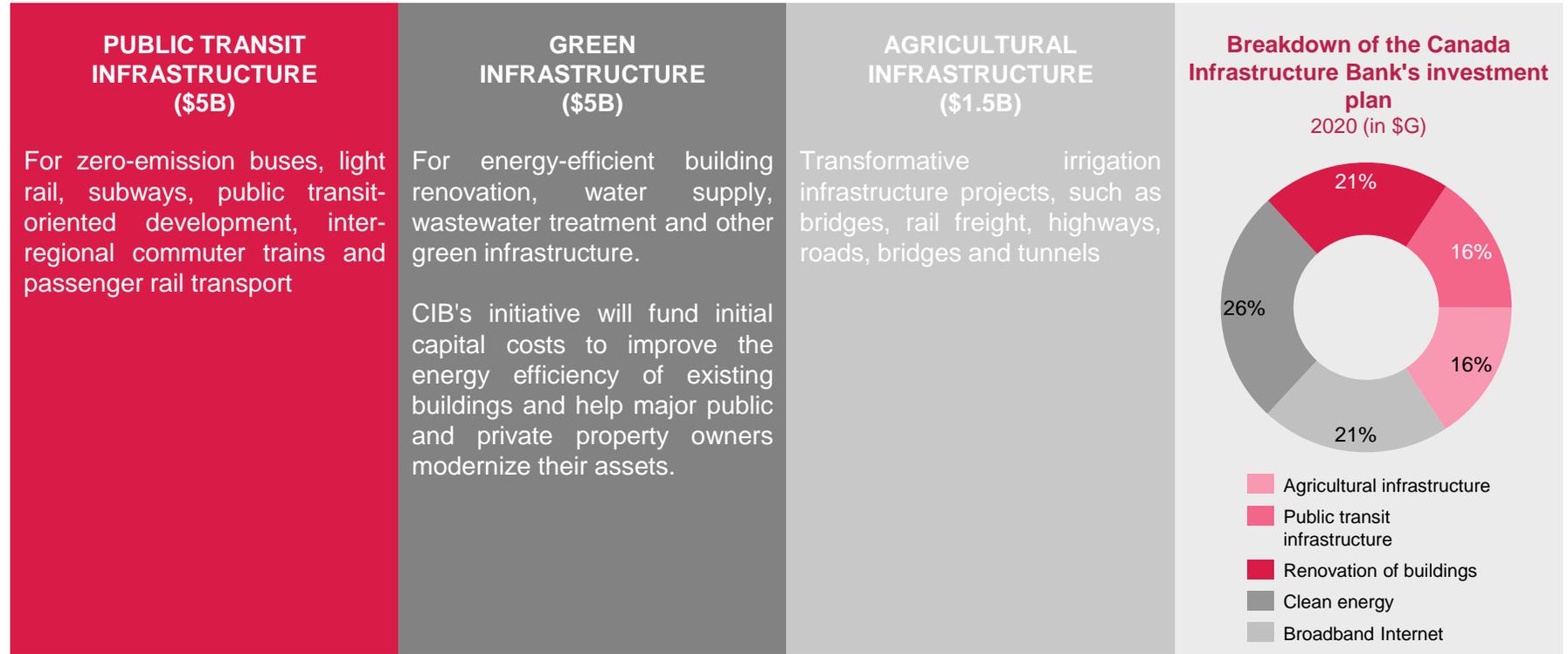
# Aid measures deemed useful by the sector

Aid measures affecting the construction sector in Quebec

	Description	Lead organization	Type of financial aid	Amount authorized	Comment
Government of Québec	<p><b>PACTE</b></p> <p>Support for companies whose cash flow is affected by the impacts of COVID-19 and who require more than \$50,000 for working capital</p> <p><b>Type of company:</b> All</p>	<p><b>Clients:</b> Investissement Québec (IQ)</p> <p><b>Non-clients:</b> Financial institution</p>	Interest-bearing loan or loan loss guarantee	More than \$50K	Accessible to companies in the sector if they can demonstrate that COVID-19 has temporarily impacted their cash flow (i.e. difficulties in sourcing or delivering products and services)
	<p><b>PACTE-PME</b></p> <p>Support for companies experiencing difficulties due to COVID-19 and needing cash flow of less than \$50,000</p> <p><b>Type of company:</b> SMEs and NPOs</p>	Portail Québec or RCM	Interest-bearing loan	Less than \$50K	Accessible to companies in the sector if they can demonstrate that COVID-19 has had a temporary impact on their cash flow (i.e. difficulties in sourcing or delivering products and services)
	<p><b>PACT-ME</b></p> <p>Offers direct financial support to promote training and the implementation of good practices in human resources management, and to optimize the functioning of businesses and the labour market</p> <p><b>Type of company:</b> All</p>	Emploi-Québec (MTESS)	Subsidy	100% of expenses up to \$100K	Open to companies in the sector.

# The Canada Infrastructure Bank will contribute to the recovery of the construction sector in the medium-term

The federal government has announced the **Canada Infrastructure Bank's (CIB) growth plan for a total of \$10 billion over 24 to 36 months.** CIB's investments will include projects in:



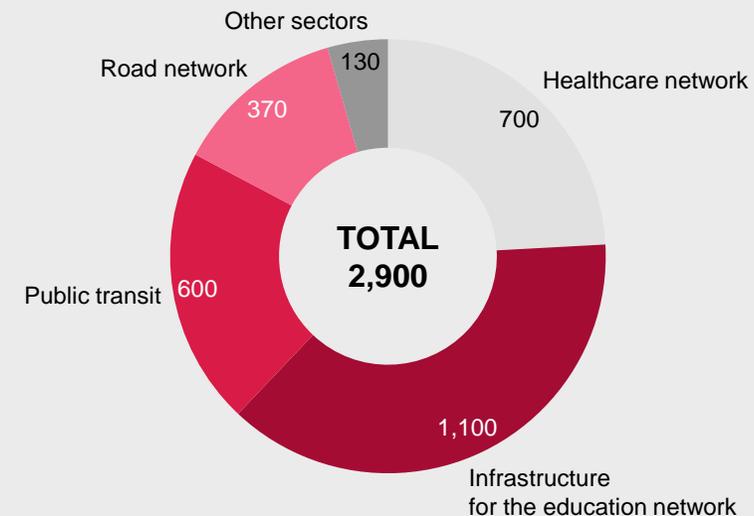
Source: Canada Infrastructure Bank, 2020

## The 2020-2030 Quebec Infrastructure Plan will also support the construction sector

In May 2020, the Government of Quebec announced that it was advancing the investments set out in the 2020-2030 Quebec Infrastructure Plan in several sectors to accelerate Quebec's economic recovery

- The plan now calls for investments of up to **\$13.9 billion** for fiscal year 2020-2021, an **increase of \$2.9 billion**.
- The anticipated investments will be devoted to priority sectors, such as health, education and public transit, which are in great need, including:
  - **\$1.1 billion** will be used for infrastructure projects for the education network, in particular for the refurbishment and expansion of schools throughout Quebec and the refurbishment of higher education institutions.
  - **\$600 million** will be devoted to public transit projects, including the advancement of non-major projects, mainly in Montréal.
  - **\$370 million** will be invested in the road network.
- The government also plans to put in place other measures to accelerate economic recovery and improve access to public procurement markets for companies in the construction sector.
- Additionally, the government is developing a strategy to promote access to public markets, particularly for Quebec SMEs.

**Distribution of the Quebec Infrastructure Plan's additional budget 2020-2021 (in \$M)**



Source: Government of Quebec, 2020

# The passage of Bill 66 would accelerate the implementation of infrastructure projects

The bill provides for measures to speed up the completion of infrastructure projects, while giving the Autorité des marchés publics (Public Procurement Authority) a greater oversight role over the public contracts that result from these projects.

Bill 66 provides for an infrastructure project to benefit from one or more of the following acceleration measures:

1. a **simplified expropriation** procedure;
2. the possibility of undertaking work on part of the domain of the State **before the required rights are obtained**;
3. the adaptation of certain processes applicable under the *Environment Quality Act*, in particular those relating to the obligation to obtain a ministerial authorization to carry on activities and those applicable to the **environmental impact assessment** and review procedure;
4. an exemption from the application of the *Act respecting land use planning and development* for government interventions as well as **simplifications to the procedure for obtaining a municipal authorization**.

Lastly, the bill contains transitional provisions concerning, among other topics, the expropriation proceedings underway for the purposes of the Montréal metro blue line extension project. It also includes miscellaneous and final provisions to facilitate its application.

- The new bill will make it possible to move forward with infrastructure projects that will have the capacity to make a significant contribution to the economic recovery of the Montréal CMA. The use of public procurement is an important vector of economic development.
- Bill 66 identifies necessary major infrastructure projects that will be facilitated, such as the extension of the blue line to the east and of the REM to Laval or the project for a structuring network on the South Shore.
- This list should be adjusted, as it omits some key projects that have broad consensus in the business community. This is the case, for example, with the expansion of the Palais des congrès de Montréal, which responds to pressing and repeated requests from the business community to host major trade shows and conferences in Montréal in key sectors of the city's economy, such as artificial intelligence.

# 3

## ASSESSMENT OF THE UTILITY OF AID MEASURES

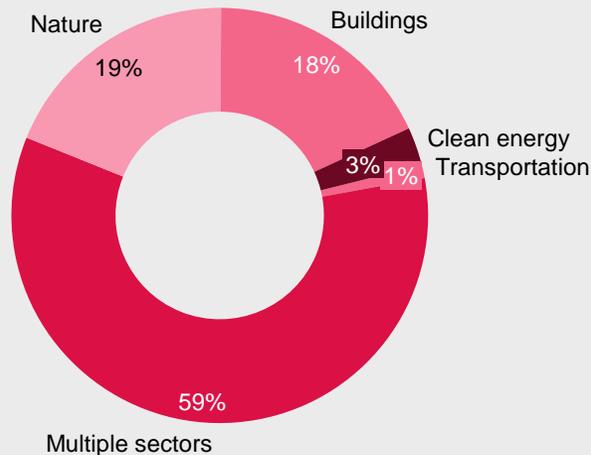
- The aid measures affecting businesses in Canada
- ▶ • Aid measures deemed to be successful in other jurisdictions

## Europe: A recovery plan combining investment in infrastructure and eco-friendliness

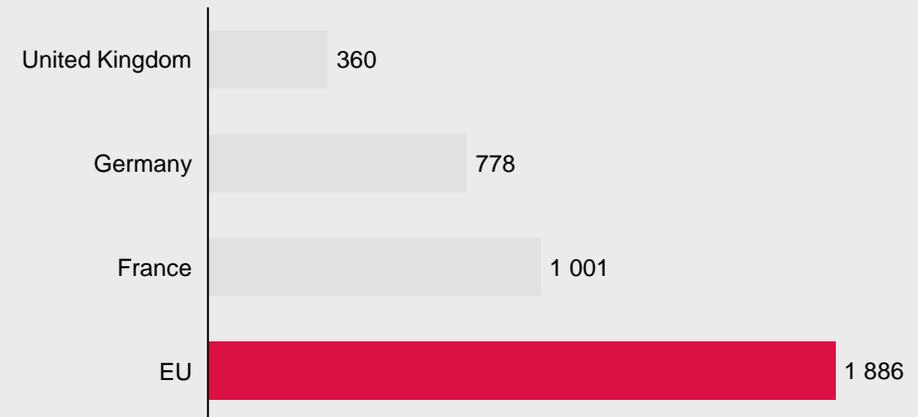
In July, the members of the European Union reached an agreement to establish a **€750 billion recovery fund for the period 2020-2024**.

- The plan includes increased spending on green infrastructure to help put the continent on track to achieve zero net greenhouse gas emissions by 2050. The proposed recovery plan calls for a **“wave of renovation” of buildings and infrastructure as a driver of recovery**.
- The amounts provided for in the recovery plans of the Member States will increase the sums promised by the EU.
  - Within the European Union itself, France stands out for its ambition, allocating the equivalent of **\$1,000 per capita** to its green stimulus plan (58% of which goes to the transportation sector), compared to \$360 for the United Kingdom.

**Breakdown of the European Recovery Plan**  
2020-2025 (in %)



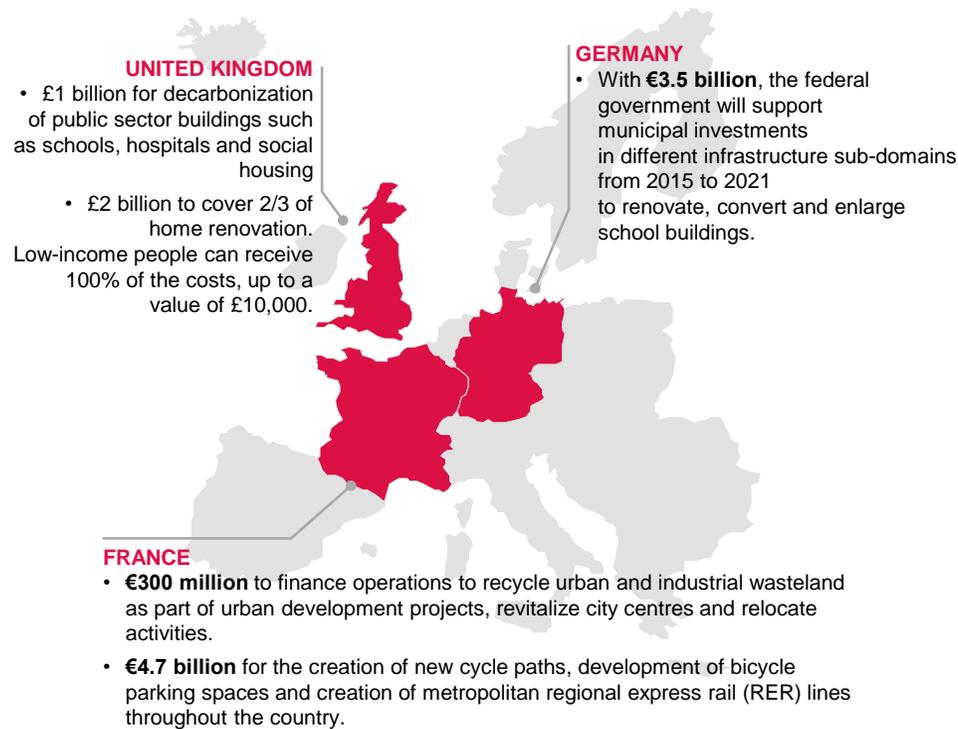
**Per capita spending on green stimulus plans over the next five years**  
2020-2025 (in \$ per capita)



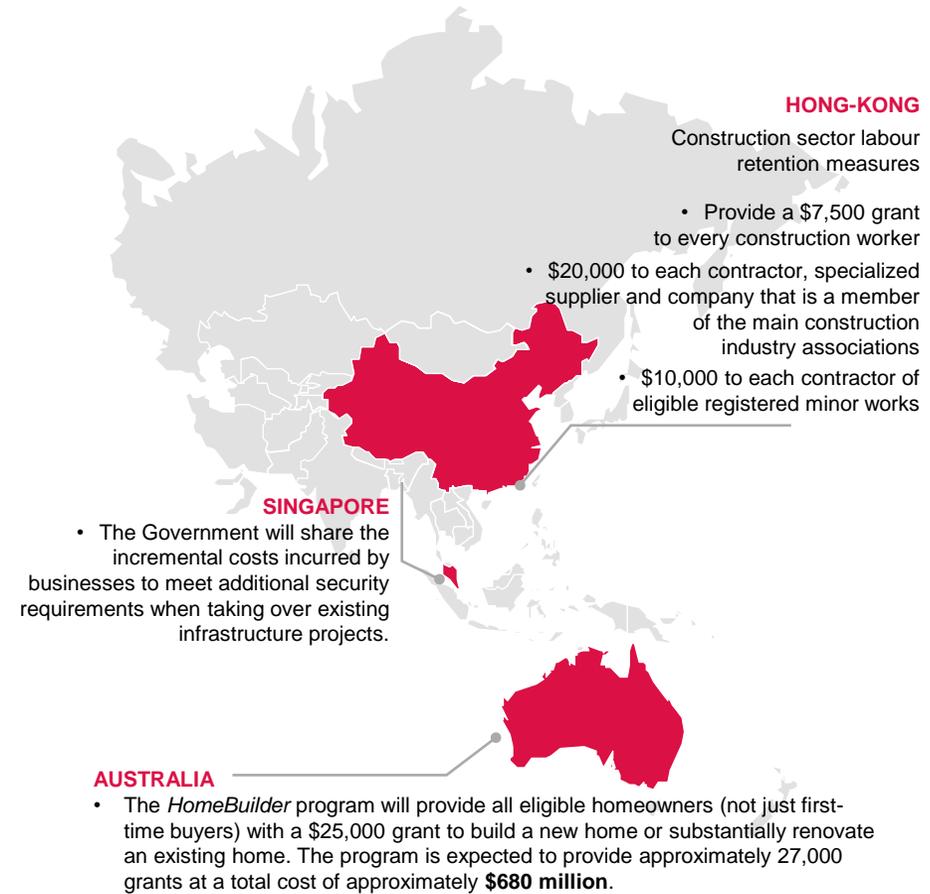
Source: Institut pour l'IntelliProsperité, 2020; IISD, 2020; European Commission, 2020

# Several countries have relied on the construction sector

## EUROPE



## ASIA AND OCEANIA



Source: Carbon Brief, 2020

## Sydney (Australia): An inclusive and green inner city revival, with a focus on infrastructure

In June 2020, Sydney unveiled its economic recovery plan, which includes measures to improve sustainability, food security and mobility, with more green spaces, wider sidewalks, cycle paths and new technologies to ensure social distancing.

The plan, based on extensive feedback from the community, **mobilizes residents, businesses, the federal government and local governments.**

Among other things, the plan calls for **\$23 million of work** to improve open spaces. All areas of the city such as paths, open spaces, streets, cycle paths, parks, playgrounds and walkways will be redesigned to promote social distancing and attract residents to the downtown core.



Promote safe alternatives to single-use items to address emerging waste issues



Accelerate the capital works program to improve the city's streets, parks and playgrounds



Clean public places and streets, and communicate that Sydney is safe, clean and open for business



Work on urban management, including mobility and transportation, temporary widening of footpaths, cycle paths, changing the timing of signals, lowering speed limits, and road rehabilitation

# 4

## **BUSINESS OPPORTUNITIES**

## Seizing opportunities generated by recovery plans

The infrastructure-related stimulus measures taken by the various levels of government create significant opportunities for the construction sector in Greater Montréal if it mobilizes to obtain its fair share of these previously announced public investments, as well as their spin-offs in related investments.



### Bill 66

- If Bill 66 is adopted, a series of promising projects could be developed quickly, such as possible extensions of the REM light metro public transit system, extension of the blue line and others. These large-scale projects represent structuring opportunities for the sector.



### Quebec Infrastructure Plan 2020-2030

- The government's infrastructure plan promises significant opportunities for the construction and infrastructure sector, particularly in the transportation, building and highway infrastructure sub-sectors.
- In addition, the measures to promote access to public procurement markets for construction companies provide an opportunity to review public-private cooperation models and increase their positive impact.
- Finally, the measures to promote access to public procurement markets offer significant business opportunities, particularly for Quebec SMEs, which are the main companies targeted by the policy.



### Canada Infrastructure Bank's recovery plan

- Significant investments (\$2 billion) have been announced by the CIB to support large-scale building renovations and energy efficiency improvements, as well as other major infrastructure projects. This represents a major opportunity for the sector.



### Reconversion of public and commercial spaces

- Rethinking development and infrastructure to enable compliance with health measures while promoting urban vitality presents significant business opportunities for the architecture and engineering sub-sector, as well as for the construction sub-sector at the outset of construction.
- There are a growing number of business opportunities for the conversion of commercial space and office towers.



### Increased use of the business model developed by CDPQ Infra

- CDPQ Infra stands out from public-private partnerships through its extensive involvement in the design and development phase. This business model, used for REM implementation and operations, creates significant investment and development opportunities for the private sector (TOD Dix30, related Griffintown real estate investments, etc.)

## Changing business models

The construction sector is constantly changing and the business models used in infrastructure projects have a major impact on the market and its companies. Some business models could be reviewed.

In this context, certain new business models are emerging, such as the Integrated Design Process (IDP) model or the model promoted by CDPQ Infra as part of the Réseau Express Métropolitain (light metro transit system).

### Integrated design process

- Integrated design process (IDP) is a variant of the **progressive design-build (PDB)** process. It is a collaborative approach to construction contracting that differs fundamentally from the traditional method of planning, costing, designing and executing projects used by owners, contractors and professionals in Canada.
  - In addition to benefiting from the expertise of a PDB provider, IDP is designed to work with the PDB provider to ensure that the design meets the project objectives. The owner must communicate the objectives (e.g. use, size, cost, site, performance, expansion) and requirements (e.g. design concepts, specifications and performance, other technical equipment or requirements) of the project to the IDB provider. The project delivery approach integrates parties, systems, business structures and practices in a collaborative process that leverages the talents and ideas of all stakeholders to optimize project outcomes, increase value, reduce waste and maximize efficiency in all phases of design, manufacturing and construction.
  - Although this form of contract is common in Australia, the United Kingdom and the United States, it is little used in Canada.
  - An example of a project using this business model is the Union Station Revitalization Project in Toronto.

### Business model promoted by CDPQ Infra within the framework of the REM

- CDPQ Infra stands out from public-private partnerships through its extensive involvement in the design and development phase. It is a unique model: as a subsidiary of a pension fund, CDPQ Infra is one of the only organizations in the world to bring together the financial capacity and technical expertise to bring mega infrastructure projects to fruition. To date, only the REM has been conducted under this business model.

# The construction sector as a driver of economic recovery

## The potential for public investment

According to the IMF, such a large gap in public investment is rare, and the **potential economic spillovers** from public investment are also few and far between.

- Even before the COVID-19 crisis erupted, the sluggishness of some economies, “decay” of bridges and roads, low interest rates, the climate emergency, and low investment by private companies were already an invitation to governments to invest more in public infrastructure that would help long-term economic development.
- The IMF thus estimates that an increase in public investment equivalent to 1% of GDP could, after two years, result in a **2.7% increase in GDP, a 10% increase in private investment and a 1.2% increase in employment**. Better still, the additional tax revenue generated by this higher growth can be expected to be in the order of double the amount invested.

## The right priorities

Not all investments have an equal effect on the economy as a whole.

- Given its importance and the fact that its supply chain is overwhelmingly made up of local businesses, the construction sector has a **remarkable ability to create local jobs**.
  - In terms of jobs, while \$1 million invested in traditional infrastructure projects (bridges, roads, airports) can be expected to create 2 to 3 direct jobs, we can expect 5 to 14 if the same amount is spent instead on research and development, green energy or energy-efficient buildings.
- In times of significant increases in public investment, it is possible to observe **higher costs and delays** among approved and launched projects.
  - It is therefore important for governments to start investing in the maintenance of existing infrastructure before revising and relaunching other types of shovel-ready projects and, finally, to accelerate the development of new projects.

Source: IMF, 2020; UDI, 2020

**It is recommended that governments adopt a phased approach to public investment in order to fully exploit their economic potential during the recovery.**

## Rethinking tomorrow's city centre

The pandemic affects the entire Greater Montréal area, but the downtown core is particularly affected economically and socially.

Beyond the urgency of putting measures in place to mitigate the situation and thus ensure that Montréal's commercial centre does not collapse, this is also an opportunity for the business community, particularly those in the architecture and design field, to rethink the city centre in the longer term.

**The city centre is the international window onto Montréal** and, by extension, all of Quebec. Its weight in Quebec's economy makes it a real driving force. The current situation, which threatens the entire commercial fabric of the city centre, is very worrying, but at the same time offers opportunities for investment and change. It is also a unique opportunity to use the creativity of local architects and designers to rethink the city centre and its identity.

**An action plan to strengthen downtown Montréal was presented by the Chamber and its partners at a Strategic Forum on December 9, 2020.**

Source: CCMM, 2020 (3)

**For the construction sectors, the recovery is an opportunity  
for public and private entities to work together to build the Montréal of tomorrow.**

# Rethinking tomorrow's city centre (cont'd)

Large cities are trying to rethink public spaces and infrastructure projects to adapt to the new health situation. Such initiatives are crucial in the revitalization of deserted city centres.

## VANCOUVER

The City of Vancouver has launched a survey of its population to rethink the use of its facilities and infrastructure. Among other things:

- **Room to move:** by rearranging the street space to make it easier to walk and bike.
- **Temporary patios:** approve temporary patios so that people can dine outside and businesses can continue to serve their clients.
- **Widening of sidewalks:** make more room for walking and queuing.
- **Slow streets:** reduce traffic to make streets “slow” and more comfortable for people walking, rollerblading or cycling.

## FEDERAL GOVERNMENT

The federal government recently announced the Canada Healthy Communities Initiative (CHCI), which will provide \$31 million in funding to support communities in their efforts to adapt spaces, with three main themes:

- Creating safe and dynamic public spaces
- Improving mobility options
- Digital solutions



### AMERICAN CITIES WITH COLD WINTERS

- The City of Chicago launched the Winter Dining Challenge to gather ideas from residents on ways to stimulate and encourage safe outdoor dining and entertainment during the winter: 60 of them were selected, including the idea of using low-cost greenhouses for outdoor meals and soft-sided semi-trailers for cultural performances.
- In its ReOpen DC stimulus package, Washington intends to pedestrianize streets for the benefit of residents and restaurants, as well as temporarily redeveloping vacant private spaces.

Source: CityShare Canada, 2020; City of Chicago, 2020; Government of Canada 2020

# Construction is one of the first vectors of change

**The opportunities for public and private players in the sector are numerous:**

- **Stimulate creativity** by calling on talented architecture and urban planning professionals to design the city centre of the future.
- **Support entrepreneurs who are vectors of change** by providing financial support for private initiatives to revitalize the downtown core.
- **Plan the Montréal of tomorrow** by organizing a reflection with construction and real estate players and stakeholders (merchants, residents, etc.) to define the guiding principles for the development of Montréal (e.g. sustainable development, social mix, etc.).
- **Facilitate the conversion of assets** by implementing development and urban planning strategies based on the densification of existing urban living environments, accompanied by government financial measures to facilitate the conversion or upgrading of buildings (e.g. commercial or office), as well as implementation of residential projects. The central districts must be kept alive, which is what brings consistency in consumption and justifies the shops being there.
- **Create a greener downtown** by accelerating the transition to greener methods, supporting reversible buildings, designing multi-use spaces, accelerating the transition to green and smart transportation, and investing in electrification of infrastructure.
- **Be ambitious** by supporting innovative initiatives and original concepts, such as exploiting Montréal's northern location.

# 5

## **COURSES OF ACTION FOR RELAUNCHING THE SECTOR**

The courses of action presented below are supported by the Chamber and the Association de la construction du Québec. They target industry and governments.

## TARGET: INDUSTRY

### Recommendations

---

#### 1. Seize the opportunities generated for the construction and infrastructure sector in the recovery plans

Various levels of government have announced ambitious stimulus plans that focus on major investments in construction and infrastructure.

In order to benefit fully from this, companies must in the short term:

- A) develop plans for optimizing the use of technologies to increase their capacity and be able to seize as many opportunities as possible that will arise from the public authorities' investment plans
- B) work with educational institutions to ensure that training courses reflect the skills required by these new technologies

#### 2. Invest in innovative and sustainable technologies and practices

Innovation and the adoption of new technologies and practices represent a major opportunity for the sector. Turning more towards sustainable practices can also help the sector make its contribution to the environmental targets of Quebec and Canada.

Companies must in the short term:

- A) increase investment in new operational technologies, such as building information modelling (BIM), drones and virtual reality, as well as in digital transformation and automation.
  - B) identify and integrate sustainable practices that meet the criteria of cost-effectiveness and environmental impact.
-

## TARGET: GOVERNMENTS

Authorities concerned	Recommendations
Federal Provincial Municipal	<p data-bbox="343 421 2244 478"><b>3.</b> Focus on the construction and infrastructure sector to support economic recovery in Montréal and Quebec</p> <p data-bbox="343 478 2244 564">The health crisis and uncertainty in the real estate sector risk creating a slowdown in private investment, which needs to be offset by increased public investment.</p> <p data-bbox="343 564 2244 606"><u>In the short term:</u></p> <ul style="list-style-type: none"> <li data-bbox="343 635 2244 706">A) Increase and accelerate investment in public infrastructure and urban renewal in cities by selecting projects that have the maximum impact in terms of jobs created and private investment.</li> <li data-bbox="343 706 2244 778">B) Adopt Bill 66, giving the Autorité des marchés publics (Public Procurement Authority) a greater oversight role for public contracts arising from these projects.</li> <li data-bbox="343 778 2244 863">C) Ensure the completion of projects that are critical to the city and that have long been widely accepted by the business community, in addition to those provided for in Bill 66 (e.g. investments at Montréal-Trudeau Airport and the Palais des congrès de Montréal).</li> <li data-bbox="343 863 2244 1006">D) Accelerate ready-to-go projects in Greater Montréal:               <ul style="list-style-type: none"> <li data-bbox="394 892 2244 935">– Infrastructure projects at an advanced stage of design (e.g. project to extend the blue line of the Montréal metro);</li> <li data-bbox="394 935 2244 978">– Long-planned asset maintenance and rehabilitation projects (e.g. highways, air and marine infrastructure);</li> <li data-bbox="394 978 2244 1006">– Heritage rehabilitation projects (e.g. conversion of the former Saint-Sulpice library).</li> </ul> </li> <li data-bbox="343 1035 2244 1078">E) Set up a working group on accelerating private investment.</li> </ul>

## TARGET: GOVERNMENTS (continued)

Authorities concerned	Recommendations
Federal Provincial Municipal	<p><b>4. Streamline and accelerate administrative processes to improve the business environment for companies in the sector</b></p> <p>Given the proliferation of projects and the desire to promote recovery by accelerating delivery, we must carry out the following actions in the <u>short term</u>:</p> <ul style="list-style-type: none"> <li>A) Accelerate approval processes and review project management processes at all levels of government to ensure the greatest possible efficiency in decision making.</li> <li>B) Follow best practices in contract management and procurement of public contracts (especially since infrastructure projects will be competing across Canada).</li> <li>C) Implement measures to reduce payment delays in the industry, in collaboration with industry members.</li> <li>D) Establish clear rules and monitoring for the authorization and permitting processes.</li> <li>E) As far as the Ville de Montréal is concerned, standardize administrative processes between the boroughs as well as downtown.</li> </ul>
Federal Provincial	<p><b>5. Draw on best practices to review business models for major public infrastructure projects</b></p> <p>New public-public and public-private business models offer important opportunities for the sector to review its operations and improve its productivity. <u>In the short term</u>:</p> <ul style="list-style-type: none"> <li>A) Organize a review of business models for major public infrastructure projects in order to analyze:               <ul style="list-style-type: none"> <li>– the major successes of the last few years and the factors that have contributed to them.</li> <li>– the problems with the business models currently in use and how to address them.</li> <li>– emerging business models (e.g. integrated design processes) and best practices that are currently little or not used in Quebec, and how to implement them in a local context.</li> </ul> </li> </ul>

**TARGET: GOVERNMENTS** (continued)

Authorities concerned	Recommendations
<b>Provincial</b> <b>Municipal</b>	<p><b>6. Avoid red tape given the economic slowdown and high uncertainty</b></p> <p>The addition of regulations can act as a disincentive to private investment where there is uncertainty and economic slowdown.</p> <p><u>In the short term:</u></p> <p>A) Ensure that any new municipal and provincial regulations that may complicate the situation for businesses, and/or add requirements, are deferred until normal business resumption and the end of the pandemic</p> <p><u>In the medium term:</u></p> <p>B) Develop and finance a housing policy in Quebec that will allow for the adequate financing of a housing strategy for the Greater Montréal area</p>
<b>Provincial</b>	<p><b>7. Continue to invest in and support talent acquisition and the arrival of construction labour</b></p> <p>Labour shortages have been exacerbated by the pandemic and by the government's planned multi-year investments.</p> <p><u>In the short term:</u></p> <p>A) Identify the sub-sectors where labour needs are the most pressing and define an action plan to ensure that labour is not a hindrance to a sustainable recovery.</p> <p>B) Accelerate access to journeyman status by admitting apprentices to the qualifying exam earlier in the apprenticeship process.</p> <p>C) Allow more apprentices to work on construction sites.</p> <p>D) Improve the recognition of professional diplomas by increasing the value of training hours for qualified apprentices by 50%.</p> <p><u>In the longer term:</u></p> <p>E) Organize a reflection with stakeholders to find sustainable solutions to labour problems.</p>

**TARGET: GOVERNMENTS** (continued)

Authorities concerned	Recommendations
<b>Federal</b> <b>Provincial</b> <b>Municipal</b>	<p><b>8. Put sustainable development at the heart of the sector's recovery</b></p> <p>Stimulus plans here and elsewhere place a strong emphasis on a more sustainable recovery. These commitments must be translated into a recovery in the construction and infrastructure sector.</p> <p><u>In the short term:</u></p> <p>A) Ensure that projects that are fast-tracked incorporate best practices in sustainable construction.</p> <p><u>In the longer term:</u></p> <p>B) Provide incentives for the use of clean designs, materials and technologies to reduce the industry's greenhouse gas (GHG) emissions and facilitate better waste management.</p>
<b>Federal</b> <b>Provincial</b> <b>Municipal</b>	<p><b>9. Use the full potential of public procurement</b></p> <p>Public procurement should encourage innovation and sustainable practices, in particular by helping SMEs make the transition to the use of technological tools.</p> <p><u>In the short term:</u></p> <p>A) Identify best practices in digital technologies and integrate them into public tenders.</p> <p>B) Make public procurement an example of sustainable practices by emphasizing its role as a test bed and showcase for Quebec clean technologies, facilitating their commercialization, stimulating the economy and improving the environmental performance of Greater Montréal and Quebec.</p> <p><u>In the longer term:</u></p> <p>(C) Modify the regulatory framework to make public procurement a vehicle for innovative and sustainable practices, in particular:</p> <ul style="list-style-type: none"> <li>- by including environmental and total cost of ownership (TCO) criteria for operation, maintenance, monitoring and disposal.</li> <li>- by allowing clients to dialogue with innovative SMEs in Quebec at the needs assessment stage.</li> </ul>

# APPENDICES

## Detailed bibliography of sources consulted (1)

The sources consulted are listed in alphabetical order. When several sources published in the same year are from the same author or organization, the year is followed by a number in brackets to make it easier to refer to the footnotes, which follow the same logic.

Altus Group, 2020, “Montreal investment transactions – Q2 2020 statistics”, online: <https://www.altusgroup.com/data/insights/montreal-investment-transactions-q2-2020-statistics/?redirect=no>

Association de la construction du Québec (ACQ), 2020 (1), “Secteur de la construction: L'enjeu de la productivité”, online: <https://www.lesoleil.com/zone/zone-vers-la-relance/secteur-de-la-construction--lenjeu-de-la-productivite-e7bb6e71391dd0dbb0bd1848deb6067f>

Association de la construction du Québec (ACQ), 2020 (2), “Le prix du bois d’œuvre monte en flèche”, online: <https://www.latribune.ca/affaires/le-prix-du-bois-doeuvre-monte-en-fleche-8b59897312d1cb13793d2d555614656f>

Bureau du design, 2020, “Portrait des professionnels(le)s et des entreprises du design et de l'architecture à Montréal”

Canada Energy Regulator, 2017, “Provincial and Territorial Energy Profiles”, online: <https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/index.html>

Canada Infrastructure Bank, 2020, “Canada Infrastructure Bank’s Growth Plan Backgrounder”, online: <https://cib-bic.ca/en/canada-infrastructure-banks-growth-plan-backgrounder/>

Carbon Brief, 2020, “Coronavirus: Tracking how the world's 'green recovery' plans aim to cut emissions”, online: <https://www.carbonbrief.org/coronavirus-tracking-how-the-worlds-green-recovery-plans-aim-to-cut-emissions#:~:text=The%20world's%20green%20recovery%20plans%20to%20cut%20emissions%20after%20coronavirus&text=The%20grid%20above%20includes%20government,t%20as%20%E2%80%9Cgreen%E2%80%9D>

CBC, 2020, “1 in 5 homes in Canada bought by newcomers, Royal LePage survey says”, online: <https://www.cbc.ca/news/canada/toronto/royal-lepage-newcomer-survey-2019-homeownership-rate-real-estate-1.5322197#:~:text=The%20Royal%20LePage%20Newcomer%202019,to%20help%20buy%20a%20home>

European Commission, 2020 (3), “Europe's moment: Repair and prepare for the next generation”, online: [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_940](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_940)

## Detailed bibliography of sources consulted (2)

Commission de la construction du Québec, 2019, “Statistiques annuelles de l’industrie de la construction 2019”

Commission de la construction du Québec, 2019-2020, “Bulletin mensuel – juin 2019 à juin 2020”

Commission de la construction du Québec, 2020, “Urgent: Il faut trouver 13 000 travailleurs”, La Presse, online: [https://plus.lapresse.ca/screens/6fcf8f5b-caba-48a0-bd20-10a65883f7bd\\_7C\\_0.html?utm\\_content=email&utm\\_source=lpp&utm\\_medium=referral&utm\\_campaign=internal+share](https://plus.lapresse.ca/screens/6fcf8f5b-caba-48a0-bd20-10a65883f7bd_7C_0.html?utm_content=email&utm_source=lpp&utm_medium=referral&utm_campaign=internal+share)

Chamber of Commerce of Metropolitan Montreal (CCMM), 2020, “Making public procurement in Quebec a strategic tool for strengthening innovation and developing the economy”, online: <https://www.ccmm.ca/en/publications/study/making-public-procurement-in-quebec-a-strategic-tool-for-strengthening-innovation-and-developing-the-economy/>

Chamber of Commerce of Metropolitan Montreal (CCMM), 2020 (2), “Le projet de loi 66 sur l’accélération des projets d’infrastructure est essentiel pour maintenir le momentum économique au sortir de la pandémie”, online: <https://www.ccmm.ca/fr/medias/infrastructure/le-projet-de-loi-66-sur-lacceleration-des-projets-dinfrastructure-est-essentiel-pour-maintenir-le-momentum-economique-au-sortir-de-la-pandemie/>

Chamber of Commerce of Metropolitan Montreal (CCMM), 2020 (3), “Action Plan to Maintain the Vitality of Downtown Montréal in the Coming Months”, online: <https://www.ccmm.ca/en/publications/action-plan-to-maintain-the-vitality-of-downtown-montreal-in-the-coming-months/>

CityShare Canada, 2020, “Crowdsourced platform”, online: <https://citysharecanada.ca/>

City of Chicago, 2020, “Winter Dining Challenge: 2020 – the Top 60 Innovative Designs”, online: [https://uploads-ssl.webflow.com/5a147545b687370001bfd10c/5f7e3d32d0b66018fa605b63\\_20CWDC-Top50-min.pdf](https://uploads-ssl.webflow.com/5a147545b687370001bfd10c/5f7e3d32d0b66018fa605b63_20CWDC-Top50-min.pdf)

City of Sydney, 2020, “Community Recovery Plan”

City of Vancouver 2020, “Making streets for people”, online: [https://shapeyourcity.ca/making-streets-for-people?tool=survey\\_tool&tool\\_id=beach-ave-survey#tool\\_tab](https://shapeyourcity.ca/making-streets-for-people?tool=survey_tool&tool_id=beach-ave-survey#tool_tab)

CMHC, 2020, “Housing Starts, Completions and Units Under Construction (Cumulative)”, online: <https://www.cmhc-schl.gc.ca/en/data-and-research/data-tables/housing-starts-completions-units-under-construction-cumulative>

CQI, “COVID-19, la force majeure n’est plus une excuse”, online: <https://www.cqinternational.org/2020/05/covid-19-force-majeure-plus-excuse>

## Detailed bibliography of sources consulted (3)

Deloitte, 2016, “Étude sur l'écosystème d'affaires de la construction au Québec”, online: <https://www.cpq.qc.ca/wp-content/uploads/2016/04/cpq-construction270516.pdf>

Government of Australia, “Media Release: HomeBuilder Program”, online: <https://www.pm.gov.au/media/homebuilder-program-drive-economic-activity-across-residential-construction-sector>

Government of Canada, 2020, “Canada Healthy Communities Initiative”, online: <https://www.infrastructure.gc.ca/chci-iccs/index-eng.html>

Government of Quebec, 2020, “Plan québécois des infrastructures 2020-2030 – près de 3 milliards de dollars d'investissements en infrastructures devancés pour accélérer la relance de notre économie”, online: <http://www.fil-information.gouv.qc.ca/Pages/Article.aspx?idArticle=2805145644>

IMF (Éric Desrosiers), 2020, “Les investissements publics n'auront jamais été aussi payants, selon le FMI”, Le Devoir, online: <https://www.msn.com/fr-ca/finances/affaires/les-investissements-publics-n-auront-jamais-%C3%A9t%C3%A9-aussi-payants-selon-le-fmi/ar-BB19JV0O?li=BB13CsG9&srcref=rss>

Institut pour l'IntelliProsperité, 2020 (1), “Bridge to the future: Final Report from the Taskforce for a Resilient Recovery”, online: [https://www.recoverytaskforce.ca/wp-content/uploads/2020/09/TFRR-Final-Report\\_EN.pdf](https://www.recoverytaskforce.ca/wp-content/uploads/2020/09/TFRR-Final-Report_EN.pdf)

International Institute for Sustainable Development, 2020, “New EU Budget and Recovery Fund: Green Stimulus and Climate Budget Cuts”, online: <https://www.iisd.org/sustainable-recovery/news/new-eu-budget-and-recovery-fund-green-stimulus-and-climate-budget-cuts/>

ISQ, 2018, “Produit intérieur brut aux prix de base par industrie, régions administratives, régions métropolitaines de recensement, Québec”, online: [https://www.stat.gouv.qc.ca/statistiques/economie/comptes-economiques/comptes-production/pib-ra-rmr-industrie.htm#tri\\_type\\_regn=152&tri\\_regn=5004001550000](https://www.stat.gouv.qc.ca/statistiques/economie/comptes-economiques/comptes-production/pib-ra-rmr-industrie.htm#tri_type_regn=152&tri_regn=5004001550000)

ISQ, 2019, “Analyse de la structure économique du Québec de 1997 à 2018 : octobre 2019”, online: <https://www.stat.gouv.qc.ca/statistiques/economie/analyse-structure-economique-quebec.pdf>

## Detailed bibliography of sources consulted (4)

JLR Solutions foncières, “Tendances des mauvaises créances au Québec, T3-2020”, 2020, online.

KPMG, 2019, “Future-Ready Index: Leaders and followers in the engineering & construction industry – Global Construction Survey”  
<https://assets.kpmg/content/dam/kpmg/xx/pdf/2019/04/global-construction-survey-2019.pdf>

KPMG, 2020, “Force Majeure: COVID-19 – Impacts of the COVID-19 pandemic on the Construction Industry”, online: <https://assets.kpmg/content/dam/kpmg/ca/pdf/2020/04/kpmg-canada-force-majeure-covid19-en.pdf>

MacLean's (Christopher Ragan), 2020, “Canada needs more infrastructure spending, but not as short-term stimulus”, online: <https://www.macleans.ca/opinion/canada-needs-more-infrastructure-spending-but-not-as-short-term-stimulus/>

Office of the Parliamentary Budget Officer, 2019, Infrastructure Update: Investments in Provinces and Municipalities”, online: [https://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2019/Infrastructure%20Investments/Infrastructure\\_Update\\_03-20-2019\\_EN.pdf](https://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2019/Infrastructure%20Investments/Infrastructure_Update_03-20-2019_EN.pdf)

Radio Canada, 2020, “Le secteur de la construction touché par la hausse du prix du bois”, online: <https://ici.radio-canada.ca/nouvelle/1734915/oeuvre-penurie-prix-renovation-contracteur>

Raymond Chabot Grant Thornton, 2019, “Rapport: Analyse prospective de la main-d’œuvre dans l’industrie de la construction”

RBC Economics, 2020, “COVID-19 Derails Canadian Immigration”, online: <https://thoughtleadership.rbc.com/covid-19-derails-canadian-immigration/>

Royal LePage, 2020, “One in five homes purchased by Canadian newcomers”, online: [https://www.royallepage.ca/en/realestate/news/one-in-five-homes-purchased-by-canadian-newcomers/#\\_ftn1](https://www.royallepage.ca/en/realestate/news/one-in-five-homes-purchased-by-canadian-newcomers/#_ftn1)

Statistics Canada, 2016, “Input-Output multipliers, provincial and territorial, summary level (36-10-0113-01)”, online: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610011301>

Statistics Canada, 2018, “Average Weekly Earnings by Industry, Annual Data (14-10-0204-01)”, online: <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1410020401>

Statistics Canada, 2018, “Financial and taxation statistics for enterprises, by industry type (33-10-0006-01)”, online: <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3310000601>

## Detailed bibliography of sources consulted (5)

Statistics Canada 2019 (1), “Enquête sur la population active”, special order KPMG

Statistics Canada, 2019 (2), “Gross Domestic Product (GDP) at basic prices, by industry, provinces and territories (36-10-0402-01)”, online: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610040201>

Statistics Canada, 2019 (3), “Labour productivity and related measures by business sector industry and by non-commercial activity consistent with the industry accounts”, online: <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3610048001>

Statistics Canada, 2019 (3), “Job vacancies, payroll employees, job vacancy rate, and average offered hourly wage by industry sector, quarterly, unadjusted for seasonality”, online: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410032601>

Statistics Canada, 2020, “Investment in Building Construction (34-10-0175-01)”, online: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3410017501>

Statistics Canada, 2020 (1), “Labour force characteristics by industry, monthly, unadjusted for seasonality (x 1,000) (14-10-0022-01)”, online: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410002201>

Urban Development Institute of Quebec (UDI), 2020, “IDU – Relançons Montréal”

# List of organizations consulted

ORGANIZATION	NAME	TITLE
Urban Development Institute of Quebec	Carl Cloutier	President and CEO
Prével	Laurence Vincent	Co-President
Pomerleau	Pierre Pomerleau	President and CEO
Bureau du design de Montréal	Marie-Josée Lacroix Sylvie Champeau	Bureau Head, Design Commissioner Counselor in Management Control and Analysis
Canada Infrastructure Bank	Philippe Raymond	Senior Director
Ministère des Transports du Québec	Anne-Marie Leclerc Stéphan Deschênes	Assistant Deputy Minister of Engineering and Infrastructure Assistant Deputy Minister for Major Road Projects
Altus Group	Vincent Shirley	Senior Director, Innovation and Growth Strategy
Devencore	Jean Laurin	President and CEO
Association de la construction du Québec	Jean-Philippe Cliche	Senior Economist

# Glossary

ACRONYM	DEFINITION
ACQ	Association de la construction du Québec
APCHQ	Association des professionnels de la construction et de l'habitation du Québec (Quebec Association of Construction and Housing Professionals)
CIB	Canada Infrastructure Bank
BIM	Building information modelling
DB	Design-build
CCQ	Commission de la construction du Québec (Quebec Construction Commission)
LEED	Leadership in Energy and Environmental Design
IDP	Integrated design process
PDB	Progressive design-build
TOD	Transit-oriented development
REM	Réseau express métropolitain (light metro transit system)
RFID	Radio frequency identification device

METROPOLITAN ECONOMIC  
MOVEMENT

RELAUNCH **MTL**

[RELAUNCHMTL.CA](http://RELAUNCHMTL.CA)



Powered by:

Canada



Communauté métropolitaine  
de Montréal

Québec

Montréal

**In association with:**



**In collaboration with:**



## Supported by:



CGI

Desjardins

Hydro Québec

LA PRESSE

MONTREAL GAZETTE



Rio Tinto

## In partnership with:



AÉRO MONTREAL

alu Québec  
Grappe de l'aluminium

BC  
TQ  
MONTREAL

CARGOM  
GRAPPE MÉTROPOLITAINE DE LOGISTIQUE ET TRANSPORT DE MONTREAL

CC  
CD  
Conseil québécois du commerce de détail

Culture Montréal

écotech Québec

femmessor  
financement + accompagnement

FINANCE MONTREAL

JCM  
JEUNE CHAMBRE DE COMMERCE DE MONTREAL

La GUILDE  
du jeu vidéo du Québec

mmode  
LA GRAPPE MÉTROPOLITAINE DE LA MODE

MTL INTL  
Montréal International

MONTREAL INVIVO

NUMANA  
Catalyseur d'écosystèmes technologiques

propulsion Québec  
Grappe des transports électriques et intelligents

TOURISME / MONTREAL