

Economy

Overview

Labour and material shortages, rising inflation, and increased borrowing rates are some of the challenges the construction industry faces today. As the industry was on the road to recovery from the aftershocks of Covid-19, geopolitical instabilities have resulted in further supply chain issues. Employers are also struggling to find replacements for the industry's many retiring workers.

The policies that are being implemented to deal with inflation are putting pressure on businesses and households to deliver and access critical products and services. Federal and provincial governments need to come together to support the construction industry to balance the boom-bust cycle, withstand the unpredictable challenges ahead, and collaborate with the industry to achieve a quick economic recovery.

Background

The resilience of the construction industry during the past two years demonstrates the dedication and commitment of the hard-working people that make the industry successful. The pandemic presented unprecedented barriers to growth and unknown risks, especially for small and medium-sized enterprises (SMEs). Employers were forced to reduce on-site teams to meet social distancing requirements, and the supply chain slowed, resulting in delayed projects and builds.

However, small, and medium-sized businesses led the economic recovery in Canada, with the construction industry having the highest share of SMEs at 16.3%¹. Despite the challenges during the pandemic, 75.1% of SMEs didn't intend to sell, transfer or close business. While the construction industry was quick to adapt to changes, government policies and subsidies also played a significant role in strengthening the resilience of small and medium-sized enterprises.

The federal fall economic statement² has highlighted the need to address the projected recession in 2023.

¹ [Small and medium businesses: driving a large-sized economy](#)

² [Fall Economic Statement 2022](#)

For the construction industry to cope with the forthcoming economic hurdles, OpenCircle supports the following steps:

- Collaboration and engagement between the government and industry stakeholders to develop and implement policies that reflect market realities and stimulate economic stability and growth.
- Policy development that addresses skilled labour shortages by promoting industry-led skilled trades training
- Implementing a policy that reinforces and supports labour mobility across Canada.
- Simplifying approvals processes and reducing unnecessary red tape.
- Invest in infrastructure to improve supply chain resilience.
- Reinforce policies that promote home ownership and housing affordability to meet the needs of Canadians' needs and maintain the supply of residential buildings.

With You. For You.

OpenCircle strives to elevate Members and their businesses to compete and thrive in a continually changing world. We are committed to keeping you informed with critical updates on the public policies that impact your business and represent your interests to government leaders and policymakers.

If you have any questions or want more information, contact us at policy@opencircle.ca.