

SPECIAL FEATURE

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# CONSTRUCTION YEAR IN REVIEW

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**Daily Commercial News**

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# National year-end: COVID's continued impact profound for industry

**DON WALL**  
STAFF WRITER

COVID-19 continued to have a profound effect on Canadian construction national stakeholders suggested during year-end interviews, but their attention was drawn to other concerns such as the industry's labour shortage, addressing climate change and how best to deliver infrastructure.

Asked what story or trend was most significant for their sector, most stakeholders canvassed acknowledged the deep disruptions the pandemic has caused, with both Mechanical Contractors Association of Canada COO Ken Lancaster and Progressive Contractors Association of Canada vice-president Darrel Reid pointing to pernicious supply chain problems associated with the pandemic. Meanwhile, Canada's Building Trades Unions executive director Sean Strickland highlighted how workers persevered for a second year amidst the workplace challenges caused by COVID.

Strickland noted that workers remained essential during the second, third and four waves of COVID, adapting to new rules of split shifts and social distancing and wearing masks for eight or 10 hours a day as project teams struggled to regain former levels of productivity.

"That was absolutely the story of 2020 and latterly 2021 as well, and I'm really, really proud of how our industry responded and our members responded," said Strickland.

"We were tracking cases among building trades members, and our percentage of cases was less than half the percentage of cases in the general population. So, we



BC MINISTRY OF TRANSPORTATION AND INFRASTRUCTURE

Canadian Construction Association president Mary Van Buren praised the work of B.C. road builders in reacting to floods in the province. (Pictured) A crew assesses Curnow Bridge on Highway 8 near Spences Bridge.

did a fantastic job of keeping the economy going to whatever extent we could, building infrastructure and making sure workers stay safe."

Alberta-based Reid was interviewed in Toronto where he was attending a PCA conference, so complaints he heard about the supply chain were fresh.

"None of us really knew when COVID broke out what kind of impact it was going to have on the global supply chain, and our

members struggled to find materials and have them delivered on time," stated Reid, mentioning steel in particular. "That's been a huge challenge to our members on the infrastructure file, they find project delays, they find challenges and workarounds that they have to do.

"It really cuts into productivity."

Lancaster observed that the pandemic created a backlog of work that's adding to the problem. Supply chain disruptions and associated price volatility are affecting contracts that were previously signed as well as those that are being tendered.

"That raises a lot of issues when it comes to contracts because that can impact how the project flows, scheduling, pricing," he said.

An equally urgent problem, in Reid's view, is the lack of skilled trades.

"Everybody's talking about it now, all of our members," he said. "They have really told us that as an association, we need to talk about urgent labour needs, address the government, how to get temporary foreign workers to meet that need."

Lancaster said there are numerous unified voices in the sector addressing the issue with governments. The MCAC is raising "the specific types of trades within our sector, the important role they play within the overall economy, within the overall construction industry."

Association of Consulting Engineering Companies-Canada CEO John Gamble referred to COVID's "ongoing march," with multiple effects on access to work sites, the supply chain and workforce availability, and its evolution which will continue

to offer opportunities for learning lessons. For instance, he said, Zoom meetings are fine for "transactional" meetings but "less effective for blue-sky thinking, strategic planning, relationship building.

"Which leads us into what the new workplace will look like," he said. The design sector will continue to wrestle with that in 2022, he said.

Both Gamble and Canadian Construction Association president Mary Van Buren cited the federal government's commitment to a National Infrastructure Assessment (NIA) in Budget 2020 as highly significant this year — in fact it was the story of the year for both.

"This is an initiative that's long overdue," said Gamble. "It's one of those things, if done well it can be extremely useful, extremely powerful and really move the yardsticks on ensuring that we're investing strategically, we're investing in the right things, we're properly resourcing these investments and we're getting good value for these investments."

Van Buren noted the CCA has advocated for a 25-year infrastructure plan for years. If the NIA unfolds properly, she said, it will encourage CCA members to invest with confidence in innovation, technology and hiring apprentices.

"One of our key messages is that the federal government should fund programs, not individual projects," said Van Buren. "They should work with a municipality or province and say, here's the envelope of money, here's what we expect from you for performance, and then you figure out where the needs are best suited to your community."

The CCA executive also cited the immediacy of climate change as a developing story in 2021.

"Climate change is here," she said, noting she had recently been in British Columbia to observe the impacts of flooding firsthand. "I heard there were something like 200 roads that were washed out. The B.C. road builders have done an amazing job in serving their communities."

The construction industry will forge the "path to green," said Van Buren. "We're going to be the ones doing it.

"But to make that happen, certainly we need early contractor involvement so they can share best practices, what they can do to help reach those goals."

Strickland also addressed project delivery, noting that CBTU lobbying paid off in 2021 as all three major parties pledged their support for workforce mobility tax legislation during the election campaign.

If and when legislation is passed, workers will be able to deduct expenses associated with moving to take up new work, said Strickland, "so more construction workers can go to where the work is."



LEBLANC FACEBOOK

Then minister of infrastructure Catherine McKenna launched an engagement paper on Canada's first National Infrastructure Assessment in March. New Minister Dominic LeBlanc will be responsible for its implementation.

## Supply chain, housing crisis and labour shortage top 2021 Ontario newsmakers

**ANGELA GISMONDI**  
STAFF WRITER

For Ontario's construction stakeholders, the top newsmakers of the year for 2021 weren't just issues such as supply chain disruptions, the housing crisis and the skilled labour shortage, they were also people, specifically members of the provincial government.

While COVID-19 pandemic has created a number of challenges across the industry, Richard Lyall, president of the Residential Construction Council of Ontario (RESCON) said it has also highlighted pre-existing problems and prompted action.

"Pre-pandemic the industry was facing considerable challenges and what the pandemic has done has introduced additional challenges," said Lyall. "The pandemic has forced many to recognize, address in a meaningful way and actually do something about some of these problems that we are dealing with."

He pointed out things like apprenticeship reform, the skilled labour shortage, immigration, the housing crisis and streamlining the development approvals process have all received a lot of attention over the past few years.

"I think 2021 was an awakening year where we're starting to connect the dots on these things," said Lyall, using housing as an example. "This year everyone gets we've got a supply problem and we're doing something about it."

Stephen Hamilton, director of public affairs, Ontario, for Progressive Contractors Association of Canada, said the biggest issue in 2021 is the skilled labour shortage which has historically been a problem in the industry but has become worse with the pandemic.

"In the past these were regional concerns but it seems across Ontario and across Canada every sector in construction is dealing with issues in terms of labour supply," said Hamilton.

From a legislative and regulatory standpoint, the biggest change for 2021 would be the official winding down of the Ontario College of Trades and the move to Skilled Trades Ontario. Hamilton said stakeholders will be paying attention to what "Skilled Trades Ontario looks like, what the board looks like and some of the early decisions in 2022. I think that is going to set a framework for how it operates going forward."

Giovanni Cautillo, president of the Ontario General Contractors Association said the result and effects of the COVID-19 pandemic took the top spot for the association, specifically supply chain disruptions.

"It sent our entire industry into a bit of a tailspin simply because all the tried-and-true methodologies of just in time couldn't apply based on the fact that we couldn't get product in," Cautillo explained. "It caused serious delays."

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# OGCA head applauds McNaughton's efforts to promote trades

Continued from Pg. 1

In terms of people, Cautillo applauded the work of Minister of Labour, Training and Skills Development Monte McNaughton.

"He was constantly making announcements on the skilled trades and attempting to attract people to construction," Cautillo said. "That in our eyes assists construction by leaps and bounds bringing in more people, attracting more people and adding more people to the labour shortage that we are currently facing."

He also said Ontario's Chief Prevention Officer Ron Kelusky, who retired in September, should be commended for the way he stepped up and helped the industry during COVID-19.

"He was constantly engaged with the stakeholders in the industry, he was constantly on calls with us, he was constantly reaching out and touching base about every little nuance," he said.

Retirements were also a top issue for the Council of Ontario Construction Associations (COCA).

"Ron (Kelusky) was so invested in his work and engaged," said COCA president Ian Cunningham in an email to the Daily Commercial News. "He took over where his predecessors...left off and finally landed accreditation, whose name was changed to Supporting Ontario's Safe Employers. He also led the development of and finalized the second provincial health and safety strategy that aligns all the prevention work of the provincial health and safety system partners."

The second retirement was that of Patrick Dillon, head of the Provincial Building Trades, who he said is "perhaps the most consequential figure in the construction industry in Ontario in the last quarter century."

"He served on virtually every public board that has any relevance to construction," Cunningham said. "He worked across the management-union divide and with political parties of all stripes to get things done...He shared his wisdom freely and mentored others both in management and his brothers in the Building Trades. Above all, he was a health and safety champion."

For Nadia Todorova, executive director of the Residential and Civil Construction Alliance of Ontario, a highlight this year was the [Financial Accountability Office report](#), released in August, which reviewed Ontario's municipal infrastructure



SCREENSHOT

**The Doug Ford government and Minister of Labour, Training and Skills Development Monte McNaughton were chosen as construction newsmakers of the year for 2021 by leaders of Ontario's construction associations. Stakeholders said McNaughton's funding announcements aiming to boost training in the skilled trades would help address the labour shortage.**

and provided an assessment of the state of infrastructure repair.

"Anytime you have quantitative detailed data like that is very helpful because it provides scope scale on the conditions on the ground and allows for proper financial planning by decision makers on necessary investments that must take place," said Todorova.

She added the provincial government were construction newsmakers by the various investments they made in infrastructure across Ontario.

"From our perspective transportation projects such as the Bradford bypass and highway 413 are going to be providing that necessary infrastructure to meet the growth in population and employment that Ontario is expecting," she said.

Patrick McManus, executive director of the Ontario Sewer and Watermain Construction Association (OSWCA), said the biggest issue of 2021 for OSWCA was the Safe Restart 2.0 funding for municipalities from the provincial and federal governments in the spring.

"There was a lot of anxiety coming into 2021 about whether municipalities would have money to spend on capital works," McManus explained. "Many of the big urban centers had big holes in their budgets due to COVID-related expenses and they were robbing their capital program budgets to plug this financial gap...This investment kept projects flowing and the industry working, which was imperative to keeping our economy stable."



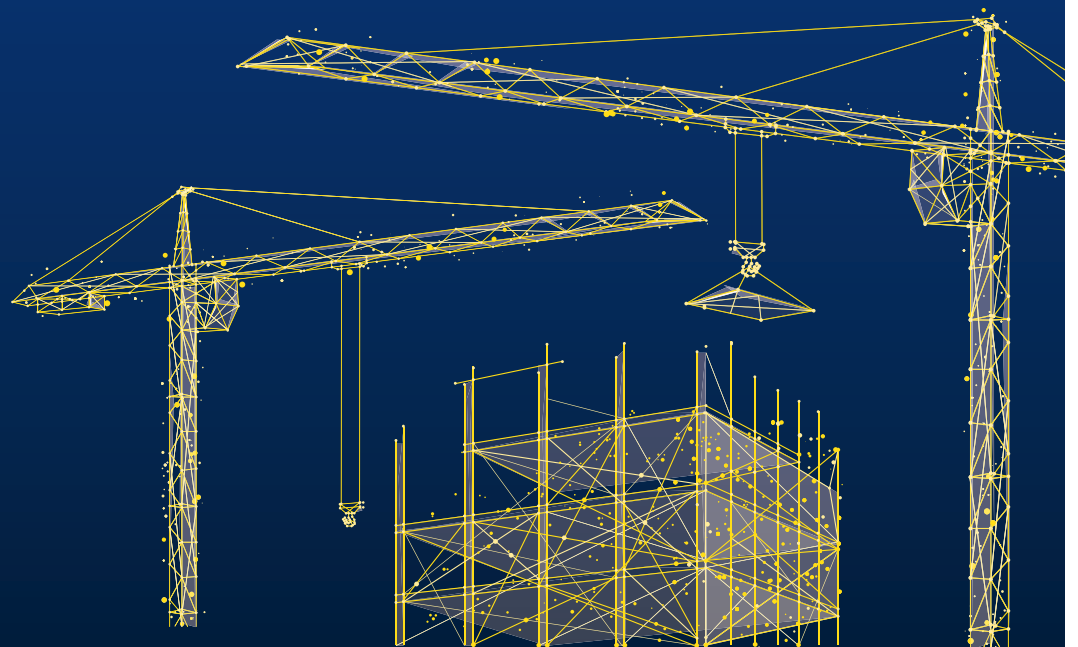
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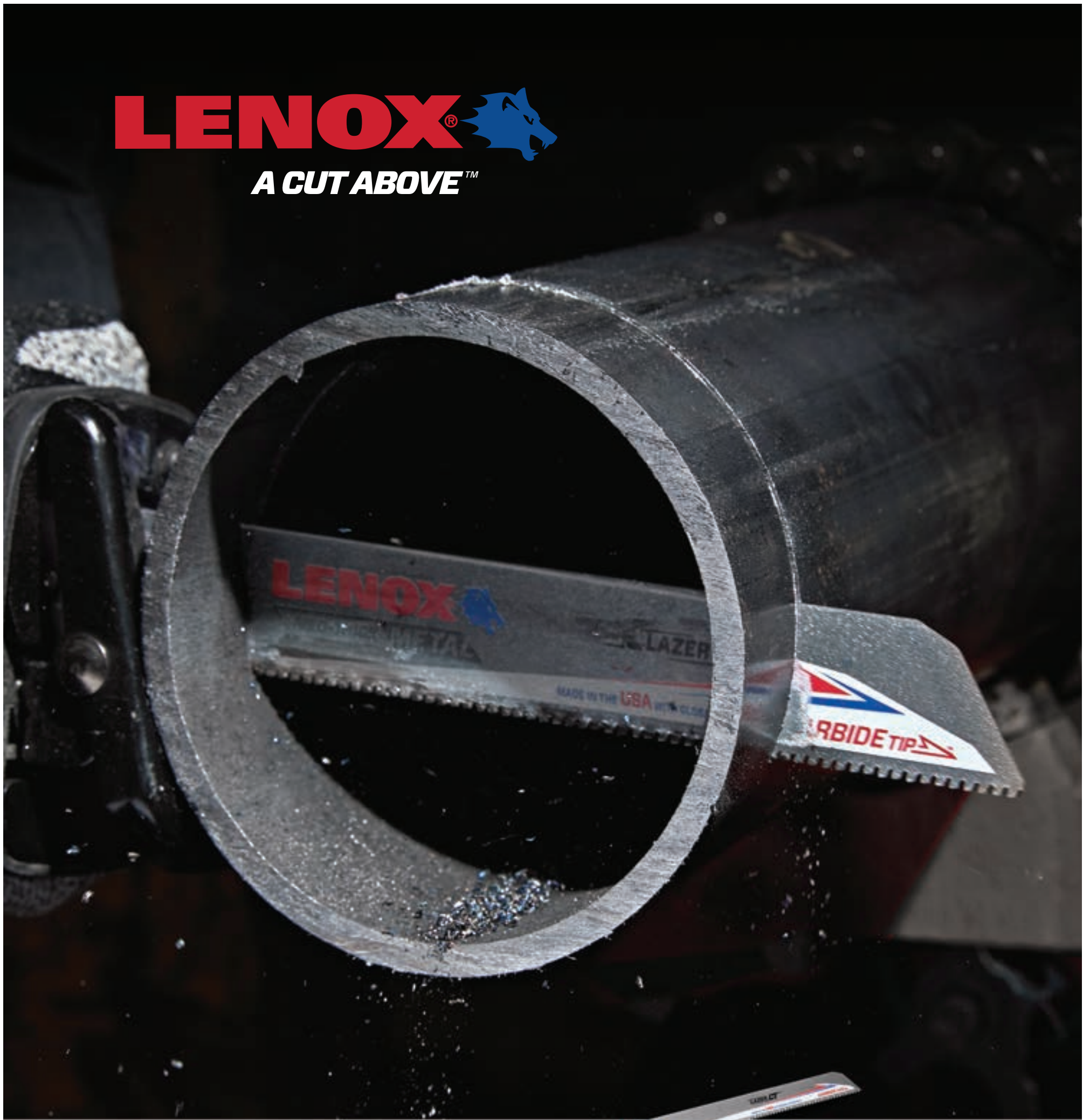
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## Top 100 Canada's Biggest Infrastructure Projects



John Tenpenny

**JOHN TENPENNY**  
CONTRIBUTING COLUMNIST

The Daily Commercial News and Journal of Commerce recently partnered with ReNew Canada Magazine to provide a glimpse into this year's Top100 Projects report, which will be officially unveiled in the new year.

The Construction Record podcast featured ReNew Magazine editor John Tenpenny in a three-part interview series that shed light on some prominent trends that emerged this year for both Eastern and Western Canada. This article summarizes some of those themes.

ReNew Canada's annual [Top100 Projects report](#), published annually since 2007, lists the biggest infrastructure investments underway across Canada.

It ranks the largest public infrastructure projects in the country by dollar investment, with input from project owners, governments, crown corporations and dozens upon dozens of project delivery teams including engineers, architects, environmental consultants, lawyers, insurance and risk management, financiers and many more.

The value of the Top100 Projects has risen sharply in recent years primarily due to an increase in multibillion-dollar transit projects, large-scale health care projects and an increase in DBFOM contracts for large-scale construction.

Since 2017, the assets listed under development on the Top100 Projects report have risen from \$161.3 billion to \$253.8 billion in 2021 and a record-setting amount for the

2022 report.

In light of the COVID-19 global pandemic, there have been delays, innovations and advancements in the progress of Canada's most important infrastructure projects meant to improve the quality of our health care, energy, education, transportation, culture, transit and water assets from coast to coast.

More than half (59) of the projects on the 2022 list are valued at \$1 billion or more, and transit projects make up the largest share of the overall total, topping \$120 billion.

LRT projects claim over half (51 per cent) of the transit total, with rail (25 per cent), subways (17 per cent) and BRT (seven per cent) rounding out the list.

**"In addition to our breakneck acute construction program, we're looking at primary care facilities and capital that we can use to help reduce our ongoing health care costs,"**

Jeff Good  
Infrastructure BC

Environmental concerns are part of what is driving government investments in this sector, so, it's no surprise that where we've seen the highest level of megaproject investment recently has been in transit.

Governments have committed to infrastructure investments that focus on climate change and environmental considerations. And transit projects aim to cut the number of cars on the roads and reduce emissions.

Canada's goal of moving to net-zero emissions by 2050 is also driving investments in the energy sector, particularly in electricity. It's been estimated that \$1.7 trillion of investment is needed to reach Canada's Paris Agreement targets.

If we need two to three times the amount of clean power by 2050, the pace of investment and the pace of building is going to be unprecedented.

Health care is another sector that continues to grow. The 2021 Top100 Projects listed 13 health care projects and that number climbed to 17 for the 2022 projects report.

Currently, there is a robust pipeline of health care projects in Ontario, B.C. and Quebec, with some big projects in the pipeline in other parts of the country, including Alberta.

Currently Infrastructure BC has numerous hospital projects in development, including St. Paul's in downtown Vancouver and the Royal Columbian redevelopment project in New Westminster.

"In addition to our breakneck acute construction program, we're looking at primary care facilities and capital that we can use to help reduce our ongoing health care costs," says Jeff Good, vice-president, health and social infrastructure at Infrastructure BC.

"The province has an acute care cost reduction program and part of that program is looking at making sure people are going to the right facility based on their health care needs."

According to Good, there has been a sort of augmentation in some of the capital delivery to help with the health care costs that are close to 50 per cent of the province's annual budget.

Don't forget to join us Feb. 22 for our annual Top100 Projects Key Players and Owners Dinner in Toronto to enjoy a high-powered evening of panels, networking and dialogue with your colleagues and hundreds of other owners, constructors and engineers building infrastructure in Canada.

**To hear more about ReNew Canada Magazine's Top100 Projects, click the following links to listen to [Part One](#), [Part Two](#) and [Part Three](#) of The Construction Record podcast special series.**

## Volatile material prices, tight labour will continue to press construction: JLL

**DAN O'REILLY**  
CORRESPONDENT

In an analysis of the overall state of the Canadian economy and the construction sector, real estate and investment management firm JLL Canada says this country is in the midst of an "historic building boom".

However, JLL's Canadian construction outlook also warns there are many obstacles to overcome such as constricted supply chains, volatile material prices, and construction labour shortages.

Key highlights of the report include the fact that Ottawa, Montreal, and Toronto have experienced the highest increases in non-residential construction prices and that residential and industrial construction accounted for record new building permits.

Driving the boom in Canada — as well as other nations — are factors such as low interest rates, pent up savings, the desire for more living space, and the shift in consumption away from services to goods.

After a dip in the early months of the pandemic, the value of building permits has "roared back", reaching a peak of \$11 billion in the second quarter of the year. This building activity is occurring in three main sectors: residential, industrial, and commercial office expansion.

Residential construction is booming for all types of housing ranging from single family homes to high rise condominiums, while new supplies of rental apartment housing are coming on stream to accommodate growing populations in cities, says the study.

"Added together, housing starts across Canada have never been higher."

In the industrial sector, low vacancy rates and the demand for physical goods that actually have to be stored in warehouses are the underpinnings for the current construction of 36 million square feet of industrial space, which the study describes as a: "record for Canada."

**"There remains 19 million square feet of office space under construction across Canada, at a time when the future of the workplace remains uncertain,"**

JLL Canadian Construction Outlook

The word 'record' is also used to emphasize the amount of commercial building construction underway in Toronto, Montreal, Vancouver, and Ottawa. Before the pandemic, those four cities had a low office vacancy rate and that was the incentive for developers to construct new towers. Some of those projects have now been completed.

"There remains 19 million square feet of office space under construction across Canada, at a time when the future of the workplace remains uncertain."

Factors creating that uncertainty

include bottlenecks in the global supply chain, stemming from an accelerated demand for building materials.

"Supply chains are so globally connected that disruptions in one part of the world have consequences in another," says the study.

It points out that shipping containers now take 73 days to cross the Pacific Ocean compared to the 20-30-day period before the pandemic.

Much of that delay stems from increased dock waiting times.

Those delays have resulted in cost increases for all builders, says the report, citing the StatCan Canadian Construction Index which shows overall project costs have increased 8.3 per cent for non-residential construction and a 'jarring' 20.3 per cent for residential construction in the period from the third quarter of 2020 to the corresponding period in 2021.

Rising material and labour costs are adding a significant premium for builders, with estimated 20 to 40 per cent of additional costs compared to similar projects five years ago, it says.

Highlighting those figures in somewhat of a lead-in to an examination of building material price volatility in high, medium, and low categories and how that impacts construction.

"Volatility is calculated as the standard deviation of the mean monthly index over the last three years," explains JLL Canada's executive vice president and national lead for project and development services, Dave Lehto.

The more volatile the material price,

the more chance that material prices will change during the bid period and, as result, some, some trades are not willing to hold their prices for the typical 60 or 90 day price validity periods, he explains.

Because it has experienced the most price volatility of nine different materials scrutinized by JLL, steel is listed in the high volatility sector. So also is lumber, for reasons that include a strong housing market — thus an increased need for lumber — and supply disruptions. A major reason was the shutdown of lumber mills at the height of the pandemic.

Asked if escalating lumber prices will have an impact on the movement towards mass timber construction, Lehto said the price of mass timber construction is somewhat impacted by price fluctuations. But bigger impact stems from a limited number of mass timber designers and suppliers to serve an ever increasing number of developers committed to sustainable and net zero construction.

"It (the demand for mass timber) is putting a strain on a small group of suppliers." For those developers and contractors using copious amounts of concrete, there is positive news.

There have been few supply disruptions, a condition Lehto attributes to the abundant supply of sand, gravel, and cement available in the most populous parts of Canada, JLL expects construction prices to ease in 2022, in part, because of improvements in the supply chain.

New measures by China to regulate the economy and the construction industry will also temper commodity price spikes.