

Standing Committee on Alberta's Economic Future

Report Respecting the Presentation Received from the Alberta Construction Association by the Standing Committee on Alberta's Economic Future on July 31, 2020

Thirtieth Legislature
Second Session
August 2020



Standing Committee on Alberta's Economic Future

3rd Floor

9820 – 107 Street

Edmonton AB T5K 1E7

780.415.2878

AEFCommittee.Admin@assembly.ab.ca



STANDING COMMITTEE ON ALBERTA'S ECONOMIC FUTURE

August 2020

**To the Honourable Nathan Cooper
Speaker of the Legislative Assembly
of the Province of Alberta**

I have the honour of submitting, on behalf of the Standing Committee on Alberta's Economic Future, its report respecting the presentation received from the Alberta Construction Association by the Standing Committee on Alberta's Economic Future on July 31, 2020.

Sincerely,

[original signed]

Nathan Neudorf, MLA
Chair, Standing Committee
on Alberta's Economic Future

Table of Contents

Members of the Standing Committee on Alberta’s Economic Future 2

1.0 Introduction 3

2.0 Summary of Presentation..... 3

2.1 Alberta Construction Association..... 3

Appendix A: List of Presenters 5

Appendix B: List of Written Submissions 5

MEMBERS OF THE STANDING COMMITTEE ON ALBERTA'S ECONOMIC FUTURE

30th Legislature Second Session

Nathan T. Neudorf, MLA
Chair
Lethbridge-East (UCP)

Nicole Goehring, MLA
Deputy Chair
Edmonton-Castle Downs (NDP)

Tracy L. Allard, MLA
Grande Prairie (UCP)

Nate S. Horner, MLA
Drumheller-Stettler (UCP)

Jackie Armstrong-Homeniuk, MLA
Fort Saskatchewan-Vegreville (UCP)

Janis Irwin, MLA
Edmonton-Highlands-Norwood (NDP)

Drew Barnes, MLA
Cypress-Medicine Hat (UCP)

Roger W. Reid, MLA
Livingstone-Macleod (UCP)

Deron Bilous, MLA
Edmonton-Beverly-Clareview (NDP)

Jason Stephan, MLA
Red Deer-South (UCP)

Thomas Dang, MLA
Edmonton-South (NDP)

Devinder Toor, MLA
Calgary-Falconridge (UCP)

Substitutions Pursuant to Standing Order 56 (2.1-2.4)

Garth Rowswell, MLA*
Vermilion-Lloydminster-Wainwright (UCP)

Dan D. A. Williams, MLA†
Peace River (UCP)

* Substitution for Jason Stephan on July 31, 2020

† Substitution for Roger Reid on July 31, 2020

1.0 INTRODUCTION

The Standing Committee on Alberta's Economic Future is one of three legislative policy committees appointed by the Legislative Assembly of Alberta. Standing Order 52.01(1)(b) indicates that the Committee's mandate is related to the areas of Advanced Education; Culture, Multiculturalism and Status of Women; Economic Development, Trade and Tourism; Labour and Immigration; and Infrastructure. Under Standing Order 52.08(1) the Committee has the ability to hold public meetings on any matter within its mandate.

On July 15, 2020, the Standing Committee on Alberta's Economic Future received an official request from the Alberta Construction Association to make a presentation to the Committee. On the same day the Subcommittee on Committee Business met to consider the request. The Subcommittee recommended that the Committee meet to hear from the Association on July 31, 2020.

The Committee held a meeting on July 31, 2020, and received a presentation from the Alberta Construction Association.

Pursuant to Standing Order 52.08(3) the Committee directed that a report be prepared summarizing the presentation heard by the Committee on July 31, 2020, for tabling in the Assembly and distribution to relevant Government of Alberta ministers.

52.08(3) A Legislative Policy Committee may report to a Minister or responsible public official on issues arising from a public meeting.

This report contains a summary of the presentation received by the Standing Committee on Alberta's Economic Future on July 31, 2020. This report is not intended to be a comprehensive record of the Committee's proceedings. For a complete record consult the transcripts of the Committee proceedings, including the oral presentations made to the Committee, which are available online at assembly.ab.ca.

2.0 SUMMARY OF PRESENTATION

2.1 Alberta Construction Association

Ken Gibson, Executive Director, and Leon Gullickson, Senior Vice-chair of the Alberta Construction Association, provided an overview of the work of the Alberta Construction Association, noting that its membership comprises over 3,000 member companies which focus on nonresidential construction, mainly supporting the institutional, commercial and industrial sectors. The presenters discussed the importance of the construction industry to Alberta's economy, stating that 1 in 10 Albertans work in the construction industry. In their written materials provided to the Committee the presenters noted that the value of current construction projects in Alberta is \$43 billion.

The presenters provided information regarding the extent to which the construction industry in Alberta has been suffering from an economic downturn since 2015. The presenters noted that the industry is now hurting from the collapse in oil prices, a recession and the global pandemic. Leon Gullickson spoke about the downturn in business over the last several years and collapse over the last six months. The effects of the economic downturn on the industry, according to the presenters, are multiple, including difficulty in retaining skilled journeymen because employment opportunities in the construction industry are unpredictable and unstable.

Focusing on the economic impacts of the global pandemic, the presenters noted the difficulties the industry is facing with respect to volatile global supply chains, procurement of construction materials and the impact this has had on the industry's ability to deliver projects on budget and schedule in fulfillment of contractual obligations. The presenters expressed particular concern about the effects of the pandemic on the industry in the coming months if the virus continues to mutate, illnesses peak and the Government of Alberta continues to respond to these changing circumstances.

To mitigate these challenges, the presenters requested that the Government revisit its current approach to tender and bidding processes and provide some certainty through its capital plan. In particular, the presenters recommended the adoption of standard language in tenders and requests for proposals, recognizing that the novel coronavirus may have unpredictable impacts on the industry's ability to fulfill its current and future obligations. In addition, the presenters suggested that the Government promote construction as a desirable profession to school-age children and provide more educational opportunities for individuals seeking employment in the industry to acquire skills. In the view of the presenters, "sustained, consistent, predictable and adequate levels of investment in provincial and municipal infrastructure [will] allow employers to plan, apprentices to complete their training without interruption, and maximize value to taxpayers."

The presenters responded to questions from the Committee regarding prompt payment, on-the-job training and difficulties the industry is facing with respect to procurement and bidding during the pandemic. The presenters expressed appreciation of the Government's efforts to consult with the industry about prompt-pay legislation (to ensure contractors and subcontractors receive timely payment for completed work), employment standards and regulatory burdens. The presenters believe the Government is moving in the right direction on these issues. In addition, the presenters lauded the Ministry of Transportation's approach, which includes a fairness panel that reviews and makes nonbinding recommendations when disputes related to unforeseen costs are raised by a contractor. The presenters suggested Alberta Infrastructure adopt a similar process. With respect to on-the-job training, the presenters advocated a system whereby trainees stay with the Association for a number of years and obtain successive levels of training through work on a number of projects. In answering questions about procurement, bidding and contracting processes, the presenters requested that contracts be standardized and that Alberta Infrastructure develop a process whereby contractors prequalify for a bid to reduce the costs of developing a bid proposal.

In sum, the Alberta Construction Association presented its concerns about the effects of the economic downturn and the global pandemic on the construction industry and made recommendations to the Committee on ways the Government of Alberta might mitigate challenges faced by the industry.

APPENDIX A: LIST OF PRESENTERS

Individual	Organization
Ken Gibson, Executive Director	Alberta Construction Association
Leon Gullickson, Senior Vice-chair	Alberta Construction Association

APPENDIX B: LIST OF WRITTEN SUBMISSIONS

Individual	Organization
Ken Gibson, Executive Director	Alberta Construction Association

