



1004 - 213 Notre Dame Ave.
Winnipeg, MB R3B 1N3
TF: 800.661.0253
Fax: 204.947.5195
www.wrla.org

Dear Minister Fielding,

February 19, 2021

Please accept this as the Western Retail Lumber Association's submission to your 2021 pre-budget consultation for consideration as you determine the best path forward for Manitoba in one of the most challenging periods any of us has faced in our lifetime.

The WRLA represents the building supplies sector across the Prairies, including 271 stores in Manitoba (as of 2019). We account for the employment – directly and indirectly - of more than 8,000 workers in the province, contribute \$618 million to provincial GDP and over \$76 million in tax revenue for local and provincial governments.

Once we emerge from the COVID-19 pandemic, the focus will switch to ensuring recovery for our battered economy. The building supply sector is poised to play an essential role as a driver of economic activity. We are a significant employer, generating significant tax revenues for government. We also supply the materials for economic activity that has an outsized stimulative effect on the Canadian and Manitoba economies.

We know that the building supply sector is more economically important than most other retail sectors because it distributes a larger share of Canadian-made products such as lumber, value-added wood products, paints and other goods. This ties the sector directly back to important manufacturing industries across Canada. A boost in sales in the building supplies sector generates far more economic value in Canada compared to a boost in sales in the automobile, appliances, communications equipment, clothing, and other retail sectors.

We are sure you are well aware of this, but it serves as the context for our pre-budget submission. We are suggesting four important measures that will help our sector and thus help the overall economic recovery:

- Introduction of a Home Renovation or Eco-Retrofit Tax Credit (HRTC)
- Funding to support training to help workers transition from less stable sectors to the very stable building supply sector.
- An infrastructure program to retrofit existing buildings needing repair.
- A campaign to support local business.

HRTC

Our biggest ask and our top priority is the HRTC.

After the introduction of the federal HRTC in 2009, TD Economics concluded that renovation spending was the only major component of GDP that grew that year and credited the HRTC with the sector's strong performance, observing that it helped boost renovation spending by an estimated \$3 to 4 billion.

We believe a new home renovation tax credit would:

- Help Manitobans invest in their homes where it is estimated some 37 per cent of dwellings require minor or major repairs including energy retrofits, which in turn helps achieve climate targets.
- Help rejuvenate the economy, as we know it did in 2009. If every household across the three Prairie Provinces spent just an average \$500 on repair construction, it would boost provincial GDP in the three provinces by \$1.5 billion and generate \$938 million in labour income.
- Support good paying construction jobs. The \$500 spent on repair construction cited above would support 14,800 jobs.
- Support key export sectors at a time of weak international demand. As a result of COVID-19, construction materials exports from Canada have declined by as much as 50 per cent, depending on the commodity. A boost in construction at home would help offset these declines.
- Provide broad-based support to Manitobans across the province in a challenging time.
- Boost tax revenues for government by generating more construction activity and bringing the underground cash economy into the formal economy.

Training for workers

The pandemic has created significant job losses in many industries. We know, however, that construction and construction retail has proven a durable source of employment during the crisis. In addition, jobs in the building supply sector pay on average 20 per cent more than jobs in the overall retail sector. The sector also offers a variety of career paths, with one in seven employees working in management and a significant potential for owning one's own business eventually.

Given that this is a stable sector with an important economic impact, we urge the government to consider putting more resources toward training, technology upgrades and measures to transition people from other industries into construction and construction retail to help keep the sector strong, which in turn helps rebuild our economy and recover from the crisis.

Infrastructure program

As the building supply sector has a greater economic impact in Canada than most other retail or manufacturing sectors, any measures to stimulate economic activity in that sector will have a more effective impact on stimulating the economy in general. We encourage the Manitoba government to embark on an infrastructure program, particularly for schools, government owned buildings and hospitals.

In addition to the retail building supply sector, this would also have a stimulative effect on the wholesale supply sector that employs an additional 4,000 people in Manitoba and contributes \$392 million to provincial GDP.

Support Local Campaign

It is extremely important to help protect and generate jobs in Manitoba to help in the recovery process. To help educate the general public on the importance of supporting local businesses and Canadian-made products, which have a greater impact on our GDP, WRLA has created a Support Local campaign which highlights the economic impact of our sector.

We know, as do you, that Small and Medium-sized enterprises (SMEs) are the engine of our provincial and national economies. SMEs create the majority of new jobs in the economy and will be supply the growth needed in this recovery. Supporting this vital sector is likely the most effective use of government resources in stimulating the economy.

The building supply industry has several lines of products that are made in Canada and are sold by independent dealers represented in our membership. The anticipated outcome of this campaign is to work with our members to educate the public on the importance of supporting local and help drive traffic to their businesses.

This campaign would be greatly enhanced and have a greater impact if the provincial government participated in encouraging Manitobans to support local business and buy local products, to amplify the provincial economic impact of every consumer dollar spent.

Conclusion

We believe action in these four areas will be a strategic and sound use of government policy and resources that will have a positive effect on the economy and government tax revenues and urge you to consider them as you deliberate what will chart the best path forward for Manitoba in a time that requires bold action to keep us healthy and economically strong.

We wish you the best of luck in those deliberations and appreciate the opportunity to give input to them as you prepare Budget 2021.

Liz Kovach
President WRLA
P: 204.770.2416
E: lkovach@wrla.org
W: www.wrla.org