

The Right Honourable Justin Trudeau
Prime Minister of Canada
80 Wellington Street
Ottawa, ON K1A 0A2

Dear Prime Minister Trudeau,

RE: Emerging from the Pandemic – The case for a federal government home renovation and eco-retrofit tax credit



The multi-billion-dollar building supply industry extends into 1,600 different communities across the country, ranging from villages of a few hundred people to the largest urban centres. It continues to play an important role in creating our communities and providing jobs to over 262,000 Canadians. These jobs have a significant indirect impact on other sectors, and as such, creating jobs in the building supply sector will be a critical component in rebuilding the Canadian economy. We also 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.

The Building Material Council of Canada (BMCC), which represents the interests of Canada’s building supply industry, recently commissioned an economic impact study to better understand the impact a renovation tax credit would have on our economy as a recovery strategy, in addition to meeting ongoing climate strategy objectives. The potential success of this initiative is proven in the attached report, which we have shared for your review.

Emerging from the pandemic: The proposed home renovation tax credit

In 2009, the Conservative government implemented a Home Renovation Tax Credit (HRTC) to help reboot the economy after the recession. The temporary 15% tax credit was established for eligible home renovation expenditures. In a review of the tax credit program, TD Economics concluded that renovation spending was the *only major component of GDP that grew in 2009* and credited the HRTC with the sector’s strong performance. The bank stated that “[a]long with record low interest rates, the [tax] credit worked. It helped boost renovation spending by an estimated \$3-4 billion.”

This report makes the case that a new home renovation tax credit would:

-  **Help Canadians invest in their homes:** 4.5 million dwellings require minor or major repairs including energy retrofits.
-  **Help rejuvenate the Canadian economy:** The 2009 home renovation tax credit led to a major boost in home renovations and it can do the same now.

- ✓ **Support good paying construction jobs:** If every Canadian household spent just an average \$500 on repair construction, it would support 93,000 jobs across Canada.
- ✓ **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% (depending on the commodity). A boost in construction at home would help offset these declines.
- ✓ **Support national climate change objectives:** Energy efficiency and other carbon emission reduction investments could be a primary objective of the tax credit program.
- ✓ **Provide broad-based support to Canadians across the country:** Over three million people benefited from the 2009 program.
- ✓ **Boost tax revenues for government:** It would generate more construction activity and bring the underground cash economy into the formal economy.
- ✓ **And it can be done safely:** The home renovations sector is one industry for which is it easier to support social distancing and sanitation without a large cost burden on the sector or considerable efforts on the part of the homeowner.

The building supply sector will be an important driver of economic activity as the national economy recovers from the COVID-19 pandemic. A boost in sales in the building supply 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.

Current Realities

As provinces continue to roll out their phases, businesses still face several challenges. Significant investments have been made in implementing new protocols to reduce the risk of the spread of COVID-19, however they are not operating at full capacity and all cylinders, which presents its own issues as business owners work to keep their businesses operating. Supply chains have also been impacted and procurement is an ongoing issue. Incentive programs such as CERB continue to make it difficult for several businesses to get their staff back to work. Getting paid more to stay at home than what they were being paid pre-COVID certainly has led to a reluctance to go back to work.

As we move forward, it is more important to implement incentive programs that put people back in the workforce to help recovery and channel resources to protect the vulnerable.

Next Steps

The LBM industry has positioned itself to help support economic recovery and is committed to restoring consumer confidence. Several new best practices have been adopted and businesses continue to follow protocols to ensure the health and safety of their staff and customers as we continue to progress through the current and future stages of the pandemic.



The attached data helps to reinforce the importance of the LBM industry and reinforces our ask for the Canadian government to consider our proposed programs.

Thank you for taking the time to review our submission. We look forward to hearing from you and engaging in discussions pertaining to the program.

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Denis Melanson
President ABSDA

A handwritten signature in black ink, appearing to read "Thomas Foreman".

Thomas Foreman
President BSIA

A handwritten signature in blue ink, appearing to read "Dave Campbell".

Dave Campbell
President LBMAO

A handwritten signature in black ink, appearing to read "Liz Kovach".

Liz Kovach
President WRLA

Guy Legresley
ABSDA Board Chair

Ron Tu
BSIA Board Chair

Ron Schell
LBMAO Board Chair

Joel Seibert
WRLA Board Chair

C.C.

Hon. Chrystia Freeland, Deputy Prime Minister and Minister of Intergovernmental Affairs

Hon. Anita Anand, Minister, Public Services and Procurement Canada

Hon. Bill Morneau, Minister of Finance

Hon. Catherine McKenna, Minister of Infrastructure and Communities

Hon. Seamus O'Regan, Minister of Natural Resources