

CORONAVIRUS

CONTRACTOR SURVEY 2: RESTART AND RECOVERY

MAY 25, 2020

Survey Highlights & Methodology

Ontario's ICI contractors have been adapting to rapidly evolving conditions over the past month. While work sites are now opening, contractors also have to comply with PPE and physical distancing requirements. In this survey, contractors reported on average that 54% of their work was stopped, down from 64% at the end of April. Fewer firms expect they will need government support to stay in business. However, with the restart and recovery new challenges are emerging especially around costs and productivity.

Top Contractor Concerns

- Ensuring the health and safety of their workers remains the top concern of contractors
- Other top concerns fall under two themes: i) Impacts of physical distancing on productivity and project costs; ii) Availability of work, whether it be general demand and investment in construction, or quick approval of shovel-ready projects and quick rollout of government infrastructure spending
- Contractors are less concerned about their own firm's ability to adapt to new health and safety expectations and diversify their work practices

Financial Impact

- Nearly three-quarters (73%) of firms expect less revenue in 2020 compared to last year
- Annual revenue is expected to decline by 26% on average
- 17% of contractors are uncertain if they'll be able to survive over the long term; 9% of firms are considering mergers/acquisitions in order to survive

Recovery Capacity

- 86% of firms have capacity to take on new shovel-ready projects
- 35% of contractors expect it to take at least six months to get back to business-as-usual; 9% don't believe they will ever get back to business-as-usual

Supply Chain

- Supply chain disruptions persist, with more than six in ten contractors still reporting the coronavirus pandemic is causing a medium to high impact
- 62% of contractors are planning to source more materials locally or domestically

Worksite Health & Safety

- Actions contractors expect to be taking in the coming months to ensure worksite health and safety include: Establishing contact tracing procedures (71%); Only having one trade or subcontractor on site at a given time (67%); Using technologies to manage the number of workers on site at a given time (48%); Checking temperatures of workers (42%)

- More than three in ten contractors (31%) believe it will be highly-difficult or impossible to ensure work sites are adequately sanitized
- 83% of contractors expect worksite sanitation practices will change permanently

Cost & Productivity

- 37% of contractors anticipate physical distancing requirements will have a high impact on project costs, while 39% expect a high impact on project completion times
- 30% expect PPE requirements will have a high impact on project costs, with 24% expecting a high impact on completion times
- On average, contractors expect PPE and physical distancing requirements to increase project costs by 23%

Status of Construction Activity

- Contractors are seeing less of an impact on their construction activity, with 40% of firms reporting that most or all of their work was stopped, down from 52% in Survey 1 (April 22-29)
- On average, 54% of firms' activity was stopped and 53% of scheduled work delayed, while in Survey 1 64% of their work was stopped and 65% delayed

Methodology

This survey was conducted via telephone with a sample of 203 ICI (Industrial, Commercial and Institutional) contractors from across Ontario between May 11-May 15, 2020. The margin of error for a sample of 203 is +/-6.8 percentage points, 19 times out of 20. Sixty-nine percent (69%) of the contractors surveyed were trade contractors and 28% were general contractors. This is the second in a series of surveys by the Ontario Construction Secretariat. The first survey was conducted between April 22-29, 2020, and the results were published on May 5, 2020. You can find the report, Actions & Impacts, [here](#).

Note: On May 14 the Ontario government announced the full [lifting of essential workplace limits](#) on construction, taking effect May 19. As this survey data was collected between May 11-15 any reference to current work limitations is based on the [May 4 restrictions](#).

Top Contractor Concerns

Top 5 Contractor Concerns



Ensuring health and safety of workers and staff



Maintaining productivity while meeting physical distancing requirements



Demand for construction / investment in construction



Quick approval of shovel-ready projects



Project cost over-runs due to sanitation, safety and social distancing protocols

Intensity of Concern [Mean score on 7-point scale]



- 4.9 Ensuring health and safety of workers and staff
- 4.9 Maintaining productivity while meeting physical distancing requirements
- 4.7 Demand for construction / investment in construction
- 4.7 Quick approval of shovel-ready projects
- 4.7 Project cost over-runs due to sanitation, safety and social distancing protocols
- 4.5 Government's ability to quickly roll out infrastructure stimulus spending
- 4.5 Supply chain disruptions
- 4.4 Ability to get skilled labour
- 4.4 Ability to source the required PPE over the long term
- 4.3 Convincing construction workers that it is safe to return to work
- 4.3 Clients' ability to stay in business
- 4.2 Access to capital or debt / financial liquidity / cash flow
- 4.0 Ability to be flexible, diversify worksite practices to maintain physical distancing
- 3.7 Ability to adapt to new health and safety expectations

Q "When it comes to your firm's restarting construction activity and recovery, how much of a concern are the following on a 7-point scale where 7 means a major concern, and 1 means not a concern at all?"

Financial Impact of Coronavirus



76%

of firms currently have less revenue than last year (83% in Survey 1*)

Q "Thinking of the revenue generated by your business from January 1st up to today's date, is your firm's revenue higher, lower, or the same compared to the same time period in 2019?" (Lower: 76%, Same: 15%, Higher: 5%)



-33%

revenue currently down 33% on average (-42% in Survey 1)

Q "Approximately how much higher/lower as a percentage?"



73%

of firms expect less revenue in 2020

Q "Thinking of the year 2020 as a whole, do you expect your firm's revenue to be higher, lower, or the same compared to 2019?" (Lower: 73%, Same: 17%, Higher: 5%)



-26%

revenue for 2020 expected to fall 26% on average

Q "Approximately how much higher/lower as a percentage?"



40%

of firms will need government support to stay in business (56% in Survey 1)

Q "Do you expect your firm will need government support to stay in business?"



9%

of firms considering mergers/acquisitions in order to survive

Q "Is your firm considering engaging in any mergers or acquisitions in order to survive the coronavirus economic disruption?"

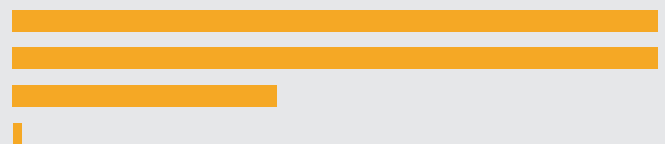
* Survey 1 was conducted between April 22-29, 2020.

Contractor certainty that their firm will survive over long term



Absolutely certain
Moderately certain
Not certain at all
Don't Know

41%
41%
17%
1%



Q "How certain are you that your firm will be able to survive this economic disruption over the long term?"

Recovery Capacity



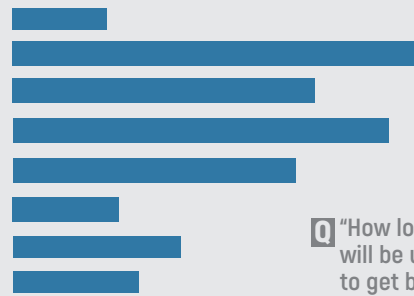
86% of firms will have the capacity to take on extra work if shovel-ready projects are brought forward

Q "Thinking of the work you expect to be doing between now and the end of the year, do you expect you'd have the capacity to take on additional work, if for example some shovel-ready projects were brought forward?"

How long to get back to business-as-usual



Less than a month	5%
1-3 months	22%
3-6 months	16%
6-12 months	20%
More than 12 months	15%
We are already back to business as usual	6%
We will never get back to business as usual	9%
Don't Know	7%



Q "How long do you expect it will be until your firm is able to get back to business as usual?"

Bidding

Bidding activity since pandemic began



5%

More Bidding

33%

Same Amount of Bidding

58%

Less Bidding

2%

Firm doesn't bid on projects

1%

Don't Know

Q "Since the coronavirus pandemic began, has your firm been bidding on work more or less, or have you been doing the same amount of bidding as usual?"

Availability of projects to bid on



2%

More projects available

28%

Same amount available

69%

Fewer projects available

1%

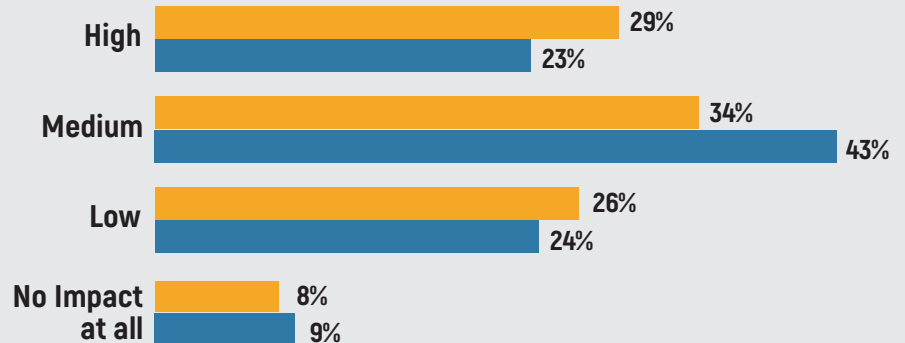
Don't Know

Q "Have you been finding that there are more or fewer projects available to bid on than usual, or the same number of projects as usual?" (excludes respondents that don't bid on projects)

Supply Chain

Impact of coronavirus on supply chains

Survey 1 (April 22-29) Survey 2 (May 11-15)



Q "How much of an impact is the coronavirus economic disruption currently having on your firm's supply chains?"



62% of firms now plan to source more materials locally/domestically as a result of the coronavirus

Q "Is your firm planning to source more materials locally or domestically as a result of supply chain disruptions?"

Impact of supply chain disruptions on cost and productivity

Impact on construction project costs



Impact on the time it takes to complete projects



NO IMPACT LOW IMPACT MEDIUM IMPACT HIGH IMPACT DON'T KNOW

Q "For each of the following, how much of an impact do you expect they will have on construction project costs?"
"How much of an impact do you expect [the following] will have on the time it takes to complete projects?"

Worksite Health & Safety

Actions contractors expect to be taking in the coming months

67%

Only having one trade or subcontractor on site at a given time, or on larger projects, in a given area

97%

More hand sanitizer and/or hand-washing stations

71%

Establish contact tracing procedures to track which workers have come into contact with each other

92%

Procedure to report unsanitary conditions

42%

Check temperatures of workers

15%

Use technologies that allow remote site monitoring

48%

Use technologies that help control logistics and manage the number of workers on site at a given time

82%

Change work practices to ensure workers are always 6 feet apart

70%

Reduce the number of workers on-site at a given time

89%

More frequent washroom sanitization

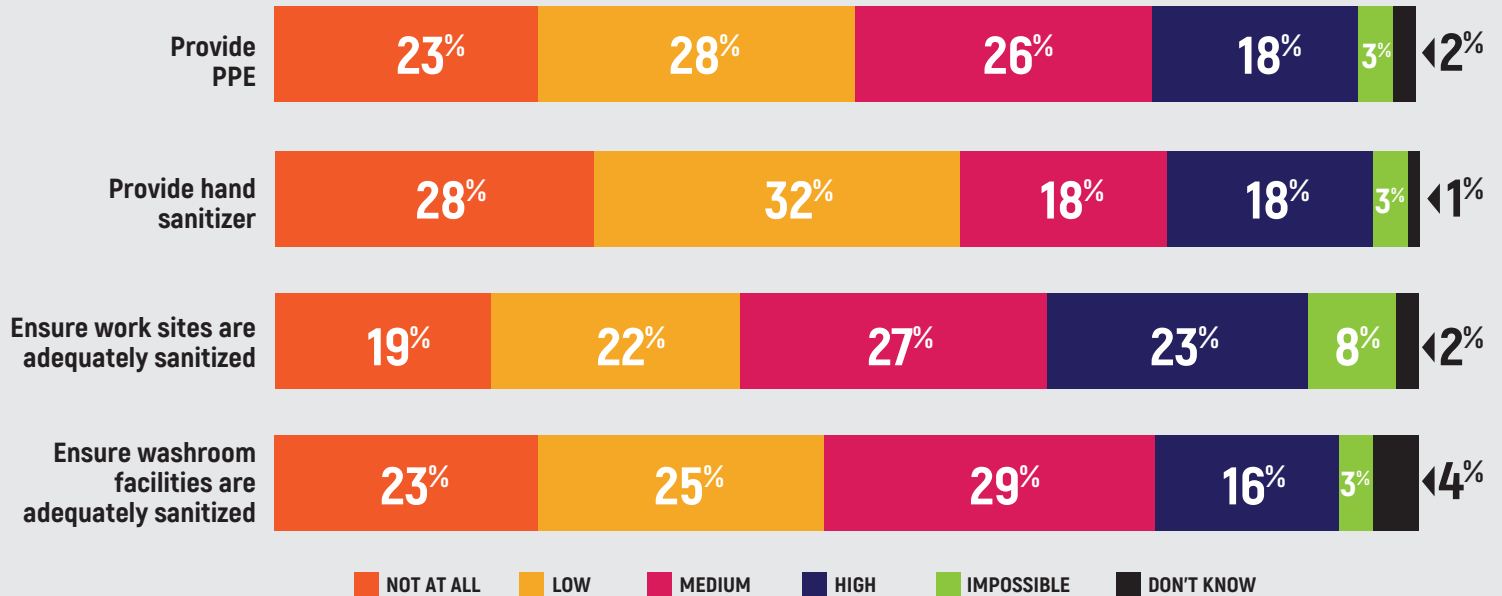
51%

Increase number of washroom facilities

Q "When it comes to restarting construction projects and adapting to new physical distancing and PPE requirements, which of the following actions do you expect to be taking in the coming months?"

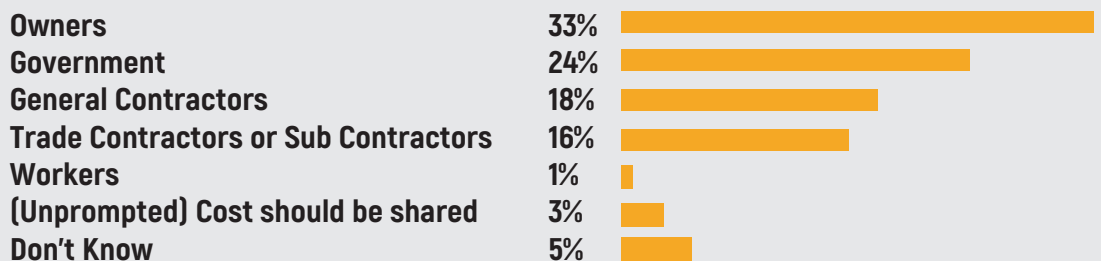
Worksite Health & Safety

Level of difficulty in meeting sanitation requirements on construction sites in coming months

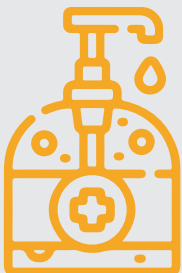


Q "In the coming months, how difficult do you expect it will be for your firm to fulfill the following safety and sanitation requirements on work sites?"

Who should pay for additional PPE, according to contractors



Q "In your opinion, who should be paying for additional PPE that's now required on construction sites?"

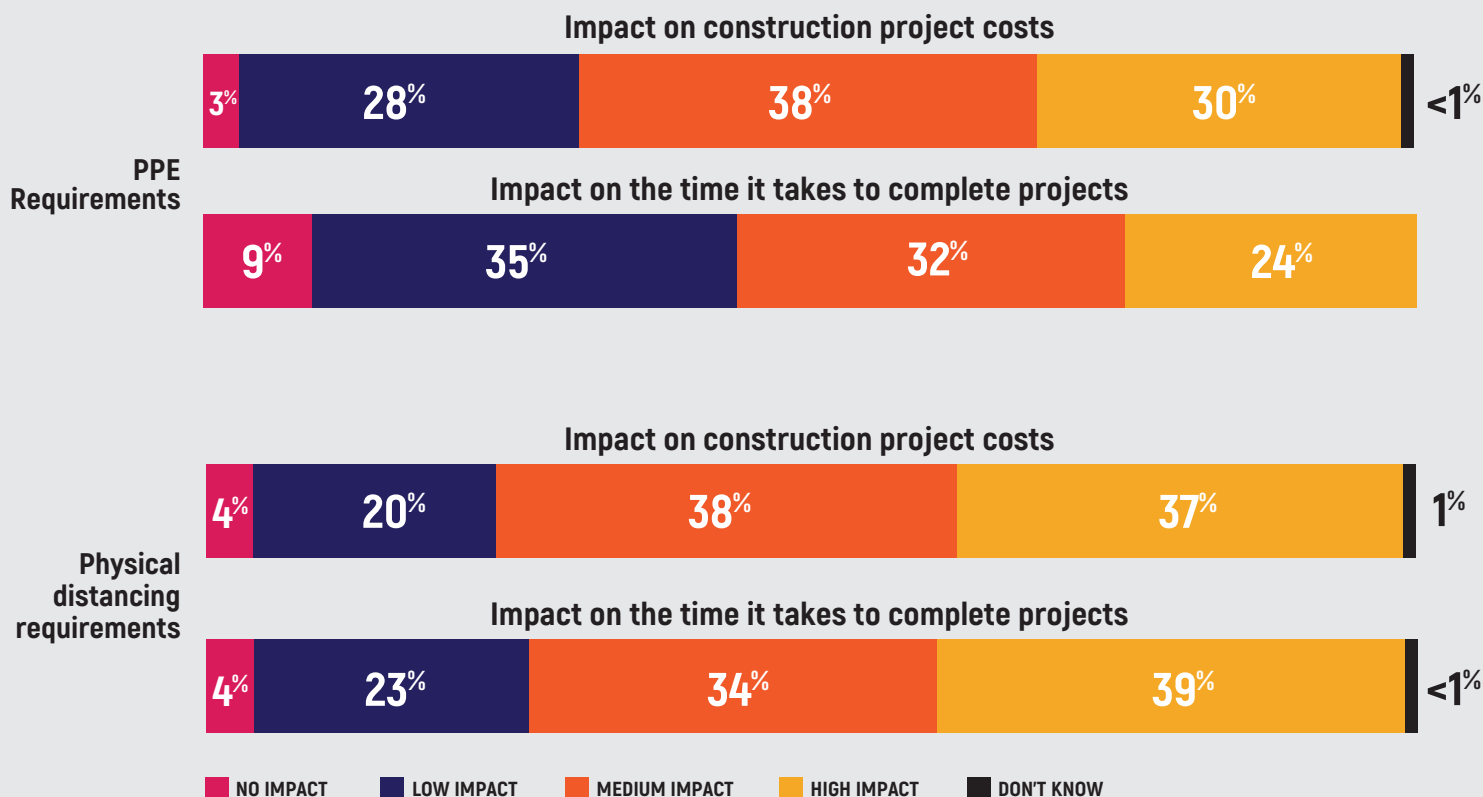


83% expect worksite sanitation practices to permanently change

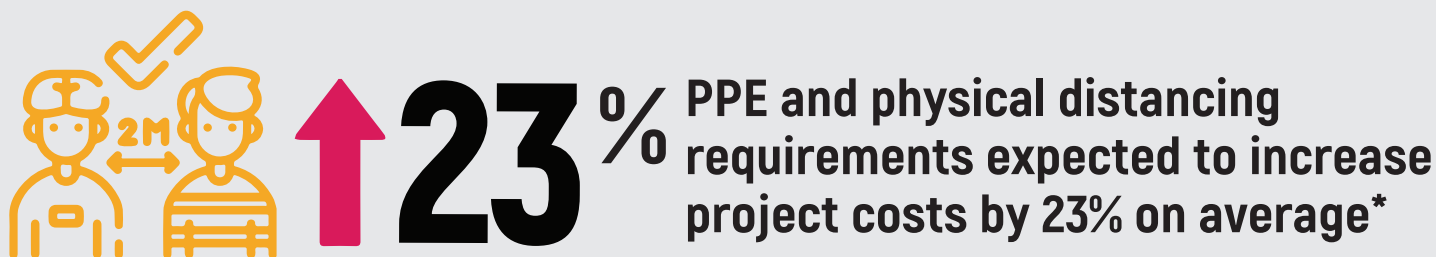
Q "Do you expect sanitization practices on work sites to change permanently because of the coronavirus?"

Impact of Adapting to Coronavirus on Costs & Productivity

Impact of PPE and physical distancing requirements on costs and productivity



Q "For each of the following, how much of an impact do you expect they will have on construction project costs?"
"How much of an impact do you expect [the following] will have on the time it takes to complete projects?"



Q "As a percentage, by how much do you estimate your overall project costs could increase as a result of implementing PPE and physical distancing requirements on construction sites?"

*A previous version of this report incorrectly reported this figure as +28%

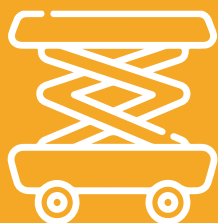
Status of Construction Activity

On average, how much of individual firms' work has been impacted by the coronavirus



54% of their firm's activity was stopped as of May 11-15 period (64% was stopped as of April 22-29)

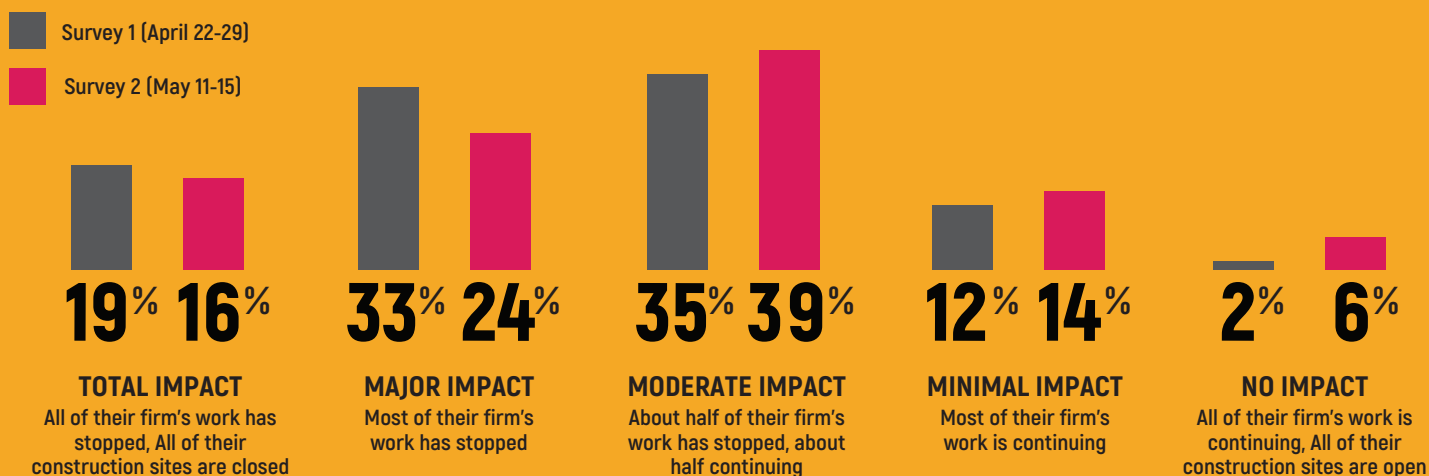
Q "As of today, what percentage of your firm's construction activity is stopped because of the coronavirus?"



53% of their firm's schedule work was delayed as of May 11-15 period (65% was delayed as of April 22-29)

Q "Thinking of work that you were scheduled to start between now and the end of the year, what percentage of this work has now been delayed because of the coronavirus?"

How individual construction firms report being impacted by the coronavirus



Q "As of today, which of the following best describes the current impact of the coronavirus on your firm's construction activities?"

Contractor Comments on Challenges with Restarting Construction and the Future of the Industry

"Mandating safety and PPE on job sites will be tough"

"Until this is put behind us we are going to be somewhat less productive and we are going to be on the decline"

"It should be a good time for construction to use new technology"

"Until vaccines are found we are going to be subject to low productivity and increased cost"

"All the changes will be for the better"

"The sanitation on construction sites will be vastly improved"

"Our employees are concerned about their safety and well-being and are hesitant to return to work"

"We are struggling with the amount of people on site for the short-term. It will be difficult but I do see it going back to normal once the virus has been figured out"

"We will only be as healthy as our customers are"

"Building departments need to get back to work as soon possible to process permits"

"There will be more emphasis on people being aware of who they are working with and their surroundings. Physical distancing will now be a rule of thumb"

"We will see a rise in modular construction due to the epidemic"

"It's going to be relatively easy for the construction industry because we're already so regulated. A few more regulations aren't going to throw us"

"The industry will definitely change because of this virus. It has taught us lessons of how easy it is for a little virus to do such harm to an organized society. We have to adapt to new rules in distancing and how we conduct ourselves in our trade and our families"

Q "Do you have any comments you'd like to add about challenges in restarting construction, or how you expect that the construction industry will change in the future?"

