

The Construction Industry in Quebec: Productivity Issues Go Beyond the Reforms of Act R-20

Montréal, June 12, 2024 – The Quebec government has just adopted the *Act to modernize the construction industry*, and the Centre for Productivity and Prosperity – Walter J. Somers Foundation (CPP) has now released a study concluding that these reforms will not be enough to improve the industry’s real productivity.

“The construction industry is at a turning point,” explains Robert Gagné, CPP Director and co-author of the study. “Its inability to generate real productivity gains in previous years has led to an untenable inflationary spiral, considering the infrastructure needs of the province. If we don’t manage to reverse this trend, the shock wave will affect more than the industry: the entire economy will suffer.”

In contrast with the conclusions of a study published in 2012, HEC Montréal researchers find that the industry’s performance has deteriorated substantially over the past ten years. “The lack of real productivity gains has weighed more heavily on production costs in Quebec, given the pressure of contributions payable by the employer,” notes Jonathan Deslauriers, co-author of the study. “To give an idea of size of the problem, these expenses are twice as high as in Ontario, according to the most recent data available.”

Given the extent of upcoming work in Quebec, changes concerning workforce mobility and diversity will not be enough to reverse this trend, in the authors’ opinion. The CPP suggests that easing the regulation of the residential construction sector would be a way of overcoming this impasse. “When it comes to productivity, this sector has always been the industry’s Achilles’ heel,” points out Deslauriers. “If it moved quickly, the government could accelerate growth in this sector and reduce pressure on prices.”

The researchers also recommend an in-depth examination of the industry’s governance framework. “Not only were the governing bodies unable to diagnose the productivity dilemma in time, but they also failed to react and to contain production costs. In hindsight, their inaction has had serious consequences,” concludes Gagné.

For more details, see *[Productivité dans l'industrie de la construction au Québec : des changements s'imposent](#)* (In French Only).

About the Centre for Productivity and Prosperity – Walter J. Somers Foundation

The Centre for Productivity and Prosperity – Walter J. Somers Foundation has a twofold mission. First of all, it is devoted to research on productivity and prosperity, mainly in Quebec. The Centre then shares its research findings through knowledge transfer and educational activities.

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About the Walter J. Somers Foundation

The Somers family established the Walter J. Somers Foundation in tribute to the founder of the Walter Group. Through different donations, the Foundation pursues the family heritage of commitment to the community and contributes to the prosperity of Quebec society, firstly by helping to improve its productivity but also by supporting excellence in youth education.

Information:

Valérie Dubuc

Media Relations Manager

514 895-6087 / vdcommunications@outlook.com