

**Canadian Construction Association – Formal submission
for consideration in advance of the 2024 Federal Budget**

February 2024

Summary of recommendations

Recommendation 1: Recognize the essential role of housing-enabling infrastructure in addressing the Canadian housing shortage and allocate the necessary funding for its development.

Recommendation 2: Outline and announce the next steps of the Government of Canada's long-term infrastructure investment strategy, previously alluded to in Budget 2023 and the Fall Economic Statement.

Recommendation 3: Prioritize the completion of the National Infrastructure Assessment including the creation of its independent advisory body.

Recommendation 4: Invest and strengthen trade infrastructure by supporting the Canada Trade Infrastructure Plan (CTIP).

Recommendation 5: Continue to update and modernize the Government of Canada's tendering and procurement models.

Recommendation 6: Continue to partner with our industry in addressing the workforce shortage including the modernization of Canada's immigration system.

February 9, 2024

The Honourable Chrystia Freeland, P.C., M.P. Deputy Prime Minister of Canada and Minister of Finance

Finance Canada

James M. Flaherty Building

90 Elgin Street Ottawa, Ontario K1A 0G5

Submitted via online portal and sent to: Chrystia.Freeland@fin.gc.ca

Dear Deputy Prime Minister Freeland,

On behalf of the membership of the Canadian Construction Association (CCA), we are pleased to provide you and the Department of Finance with our formal submission in advance of the 2024 Federal Budget. We thank you for the opportunity to participate in this process as you plan the next steps of the country's economic roadmap.

As we enter this budget cycle, Canadians continue to face challenges in the form of ongoing inflation, global supply chain issues, the urgent need for increased affordable housing, and concerns about the increasing cost of living. Your Fall Economic Statement in November reflected these priorities, and your Government outlined plans to tackle these challenges and build a more resilient economy, including leveraging the Canada Infrastructure Bank to help build more housing. However, we believe it fell short on other crucial areas, including support for the essential housing-enabling infrastructure such as wastewater, roads, schools, and hospitals, as well as a shoring up of Canada's trade infrastructure across the country.

The industry is an essential partner to the federal government to address these challenges, yet our concerns are frequently overlooked. As you know, CCA is the national voice for the construction industry in Canada, representing over 18,000 member firms in an integrated structure of 62 local and provincial construction associations. Construction employs over 1.6 million people in Canada and generates roughly \$151 billion to the economy annually, accounting for 7.4 per cent of Canada's gross domestic product (GDP). It is truly the backbone of the Canadian economy.

Our industry was a pillar of strength and continuity during the pandemic, and the following economic uncertainty. Governments have long recognized the value of our industry to provide jobs and stimulate the economy during periods of retraction and sluggish growth throughout Canada's history. Increasing investments in infrastructure and the workforce required to build it will be equally critical throughout the next decade.

To optimize our impact on the Canadian economy and improve the quality of life of all Canadians, we ask that you and your Cabinet colleagues prioritize a long-term, stable, and predictable infrastructure investment plan and the modernization of Canada's approach to project procurement in order to reduce red tape, balance risk sharing, and accelerate the use of greener materials. We also seek continued partnership in tackling the workforce shortage that is needed to build the infrastructure Canadians need. Our industry has worked hard to attract those from underrepresented segments, creating a more

inclusive and diverse workforce. And while those efforts will continue, the gap is still significant. If left unaddressed, this issue will threaten the future growth of the industry by the end of the decade and, more importantly, Canada's well-being as critical projects are delayed or cancelled. We believe immigration policy should better match industry needs, including qualifying criteria, more targeted recruitment as well as the expansion of existing streams within Canada's immigration system.

With that in mind, we propose the following recommendations for your consideration in enhancing, expanding, and safeguarding the Canadian economy.

RECOMMENDATIONS

Recommendation 1: Recognize the essential role of housing-enabling infrastructure in addressing the Canadian housing shortage and allocate the necessary funding for its development.

Much of the national political discourse and debate in Parliament over the past year has focused on the critical issues of housing supply and affordability. These have become a cornerstone of the messaging of both the Government and Opposition in recent months, and the core focus of the Government's infrastructure agenda since the July cabinet shuffle. CCA's membership represents the industrial, commercial, institutional, multi-residential, and civil sectors. It is important to recognize that our industry is interconnected with homebuilders and housing cannot be addressed in isolation.

We spoke about this issue at some length in a [Hill Times Op-Ed this past October](#). Our association and industry believe something fundamental is lacking from the narrative – a home doesn't exist in a vacuum. Any new dwelling space that gets created is built atop a foundation of visible and invisible infrastructure to ensure its functionality and livability. Road networks and bridges to connect residents to other parts of the city or town; our power grids; water and sewer systems; telecommunications infrastructure; public transportation; and environmental infrastructure. To say nothing of the necessary social infrastructure like schools, hospitals, parks and recreation, libraries, daycares, and community centres, all of which must be built and maintained by construction workers.

The Canada Mortgage and Housing Corporation (CMHC) estimated the country needs to [build 3.5 million more homes by 2030](#) than we are currently on track for, especially if we want to address the important issue of housing affordability. The Federation of Canadian Municipalities (FCM) estimates that it will [require \\$107,000 in public investments per new housing unit](#). This amounts to a total of \$620 billion in public funding needed – an additional \$375 billion beyond the current planned budget.

So, solving Canada's housing crisis means also paying attention to what lies beneath it: the foundational infrastructure. It's about making sure that the infrastructure we already have is in good shape and ready for increased loads, and about planning and developing the additional infrastructure we need. It's about growing our construction sector workforce. This should be reflected in the next phase of Canada's long-term infrastructure plan, and it should be directly tied to the existing and ongoing investments in housing as well.

Recommendation 2: Outline and announce the next steps of the Government of Canada's long-term infrastructure investment strategy, previously alluded to in Budget 2023 and the Fall Economic Statement.

As we outlined in last year's submission, *The Investing in Canada Plan* and its 12-year, \$180-billion scope was very much needed and eagerly welcomed by our industry and Canadians across the country when originally unveiled in 2016. Over its lifespan, it was successful in ensuring a steady stream of projects and the improvement of aging assets across the country despite periods of backlog and disputes between the federal government and provinces/territories/municipalities over stream qualifications.

March 31, 2023 marked the last day where provinces could earmark remaining funding before the possibility of being redistributed elsewhere. With final deadlines set, we were pleased to see that all remaining funding was successfully allocated and returns to general revenue were not necessary. The Government of Canada acknowledged the *Investing in Canada Plan* in Budget 2023, touted its success, and promised to unveil the next steps of what its successor would look like in the Fall Economic Statement.

Our industry now turns to the Government of Canada once again to ask for an updated long-term plan for infrastructure investment – one that will provide confidence to our members to invest in new technology, convert to low carbon materials, and hire and train staff. A strong construction sector can help mitigate the impact of an economic slowdown while building resilient infrastructure to safeguard against climate change. It is also necessary to continue upgrading and fixing much of the infrastructure built decades ago that is now reaching critical stages, as previously raised by CCA and our partner organizations via the [Canadian Infrastructure Report Card](#) (CIRC). We call upon the Government to bring forward the delayed rollout of its new national infrastructure plan in Budget 2024.

Recommendation 3: Prioritize the completion of the National Infrastructure Assessment including the creation of its independent advisory body.

Hand-in-hand with the need for a new long-term infrastructure plan is an update from the Government of Canada to our industry and all interested stakeholders on the next steps of Canada's National Infrastructure Assessment. Our membership participated in this initiative with great enthusiasm in our formal submission to Infrastructure Canada in June 2021 as we recognized its transformative potential for how projects can be funded in this country and the establishment of a long-term vision.

The core belief of our submission was that the establishment of an independent body, similar to the U.K. Construction Hub that was a direct result of that country's own National Assessment, would be the most practical way to align federal, provincial, municipal and Indigenous needs. This would help to address infrastructure deficits and undertake evidence-based long-term planning toward a net-zero emissions future. Though this remained a priority commitment in the last round of ministerial mandate letters, there is considerable concern amongst our membership that there has been no update on next steps since the Fall of 2021.

We are eager to move this forward in collaboration with your Government and truly "Build the Canada we want in 2050." We have raised this repeatedly in meetings with officials and members of Parliament directly as part of our Hill Day exercise in November and at other opportunities. We look forward to seeing the Government and Minister Fraser address this in the months ahead.

Recommendation 4: Invest and strengthen trade infrastructure by supporting the Canada Trade Infrastructure Plan (CTIP).

There is critical need for continued investment not just in traditional infrastructure but also in scaling up and building out our trade-enabling infrastructure across the country. As a trading nation, positioning Canada for success in the future is ensuring that our goods can get to global markets efficiently. It comes, of course, as no surprise to the Government of Canada that global supply chains have experienced unprecedented shocks, including those from the lingering effects of the pandemic, extreme weather events, geo-political conflicts and rising tensions, and the blockage of key shipping routes.

Canada has not been isolated from these shocks. To make things worse, our trade-enabling infrastructure has been under-invested for 15 years, as evidenced by the drop from 10th to 32nd in terms of its global trade infrastructure ranking, according to the World Economic Forum. Without continued investment in critical infrastructure, as recommended by the National Supply Chain Task Force, including trade-enabling infrastructure, Canada will fail to harness trade with its international partners for its economic success. We also know that investing in trade-enabling infrastructure is supported by Canadians, as highlighted in a [recent Ipsos Poll](#), where over 90 per cent of respondents expressed their support.

A core focus of our 2023 advocacy efforts and in collaboration with a series of industry partners, we launched the [Canada Trade Infrastructure Plan \(CTIP\)](#) and raised its importance with key stakeholders across the country. At the Council of the Federation last July, the Council unanimously endorsed CTIP's proposals and requested a meeting with the federal government to advance this initiative.

Canada's economy needs reliable infrastructure to connect supply chains and efficiently moves goods, services, and people across borders. The funds must be predictable, flow quickly, and align with provincial, municipal, and Indigenous needs. We were disappointed by the lack of signals in this area in the 2023 Fall Economic Statement and hope that discussions with the Premiers have advanced to the point where the Government of Canada will demonstrate support of CTIP's goals in Budget 2024.

Recommendation 5: Continue to update and modernize the Government of Canada's tendering and procurement models.

CCA has long worked in cooperation with the Government of Canada, including a bi-annual engagement between our Board and senior representatives from Public Services and Procurement Canada, Treasury Board, National Defence, Defence Construction Canada, Infrastructure Canada and Natural Resources

Canada that spans over a half-century. In these meetings, our industry has repeatedly raised the urgent need to modernize and update procurement and tendering models to build the Canada of the future.

Our industry has a track record in meeting changing environmental requirements, for example LEED, to build sustainably and to be a partner in climate action. The Government can accelerate its partnership with industry in building sustainably by updating the current procurement process to one that supports fair competition, innovation, early contractor engagement, and shared risk.

Our organization outlined some of the best methods for achieving this in our 2021 white paper [*“Strength, resilience, sustainability: Canada's construction sector recommendations on adapting to climate change”*](#) and will be publishing an updated version. We look forward to sharing it with you in early 2024. We have also more recently engaged our broader membership in a survey that indicated engaging with contractors earlier and moving away from the lowest bid model will encourage the use of new processes, better practices, alternative energy, and more sustainable materials. We also need reliable climate data, updated standards, and codes which the industry and suppliers can work toward.

We are awaiting the next steps of the Canada Green Buildings Strategy announced by Natural Resources Canada in 2022 and the ongoing modernization of the National Building Codes for the advancement of these initiatives in respective sectors.

Recommendation 6: Continue to partner with our industry in addressing the workforce shortage including the modernization of Canada's immigration system.

The federal government is no stranger to the skilled labour shortage facing this country. Construction employs 1.6 million people, and our industry will need to fill nearly 300,000 jobs by 2032, brought on by shifting demographics and a spate of retirements. There is also the need to build capacity to tackle the other opportunities outlined above, such as affordable housing, trade-enabling infrastructure and building sustainably. The industry requires engineers, project managers, project coordinators, skilled trades, and construction labourers.

Our association and members have sought to address this labour shortage through their own recruitment efforts. Our “Talent Fits Here” industry campaign, launched in 2020, seeks to attract and retain new talent from traditionally underrepresented groups to construction. We also believe that Canada’s immigration system plays a vital role in helping solve these systemic issues and recognize that the Fall Economic Statement and 2025-2026 Immigration Levels Plan recognize immigration as an integral part of the solution.

Recently, politicians and citizens alike have been tying the housing shortage to our growth in immigration, pointing to Canada's increased levels of newcomers and the pressure that this places on housing. For example, [a July report](#) from T.D. economists states, “Continuing with a high-growth immigration strategy could widen the housing shortfall by about a half-million units within just two years.” The paradox is that to get more housing, we need more workers to build it.

The construction sector, like most others, is facing significant challenges in recruiting workers. While labour force gains have been made in 2023, the workforce we need cannot be created overnight—and we need them now. We believe the point system needs to award more points to applicants with experience in trades, the civil sector, or as construction labourers, and that the NOC Codes should be reclassified so that the Labourer/Operator class can qualify for Express Entry. We also believe it paramount to expedite the recognition of their training and credentials. The federal government needs to continue to work with provinces and territories to ensure skills matching is well-aligned between jurisdictions and adequately funded and supported.

Conclusion

On behalf of CCA and our membership, Deputy Prime Minister, we thank you, your Cabinet and parliamentary colleagues, your staff, and the Department of Finance once again for your work, time, and attention on this crucial matter.

We welcome the opportunity to meet with you and your team at a mutually convenient time to discuss a roadmap that supports the continued prosperity and growth of the Canadian economy, enabled by the construction sector. We firmly believe that this sector plays a crucial role in driving Canada's recovery from the pandemic's enduring impacts while safeguarding against any potential economic downturns in the months and years to come.

Best wishes to you and your department on the development and implementation of Budget 2024-2025.

Warm regards,

(E-Sig)

Mary Van Buren
President, Canadian Construction Association

CC:

Ms. Rachel Bendayan, M.P., Parliamentary Secretary to the Deputy Prime Minister and Minister of Finance

Mr. Andrew Bevan, Chief of Staff to the Deputy Prime Minister and Minister of Finance