

# Creating a vision for Canada's national infrastructure investment

Report from the working group session at the 2022 CCA Annual Conference

March 9, 2022 Vancouver, British Columbia

### I. INTRODUCTION

This report builds on the work done by participants at the Canadian Construction Association's (CCA) conference that was held from March 8-11, 2022 in Vancouver, British Columbia. The participants met to develop a long-term vision for Canada's infrastructure investment, with a focus on determining potential priority areas. This report is the summary of the discussions and represents the opinions of our members who were in attendance.

As discussed in our response to the National Infrastructure Assessment (NIA), there are many competing and inherently political priorities – e.g., immediate vs long-term; hospitals vs bridges, East vs West, resource economy or green economy, developing a Western Trade Corridor or investing in mass transit in the Greater Toronto Area (GTA). Having an apolitical, independent advisory group would help ensure an appropriate level of scrutiny and oversight leading to evidence-based decision making.

Our economic future will hinge on enhancing trade-enabling infrastructure like transportation, telecommunications, and energy corridors. We need to ensure that our infrastructure investments are forward-looking in terms of addressing the need for resilience in the face of a changing climate and a long-term vision on the international economy and trade.

The purpose of the workshop was to further refine the priorities for infrastructure investment, reflecting the views of close to 75 industry experts, from all sectors, firm sizes, and geographies across Canada.







### II. VALUE OF THE SECTOR

- The construction sector is one of Canada's largest employers and a major contributor to the country's
  economic success. The industry, 70 per cent of which is made up of small and medium-sized enterprises
  (SMEs), employs more than 1.4 million Canadians and contributes 7.8 per cent towards Canada's Gross
  Domestic Product (GDP).
- In terms of economic contribution, using pre-pandemic numbers, the industry accounted for \$149 billion of the \$1.97 trillion in GDP from all industries recorded in 2019.
- Annually, the industry is responsible for nearly \$400 billion of put-in-place construction.
- Stimulating the construction and maintenance industry is one of the strongest and most effective options governments have for driving economic growth in the post-pandemic era.
- The sector could play a role in contributing to reducing Canada's carbon footprint during the construction process.



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### III. BACKGROUND

The need for a longer-term infrastructure planning and investment strategy has been a central focus of CCA's advocacy program. In June 2021, CCA synthesized the feedback received from members and stakeholders across Canada into its response to the Canadian government's proposed National Infrastructure Assessment, "Building the Canada We Want in 2050".

Endorsed by CCA's local construction association partners, the submission makes the following recommendations:

- Canada must develop a long-term vision guided by an independent, apolitical
   Canadian Strategic Infrastructure Council.
- The funding allocation model must change from intense scrutiny of one-off projects identified by provinces, municipalities, or Indigenous communities to a robust, longer-term asset management plan guided by the objectives established by an independent council.
- Adopting a collaborative and agile approach to public procurement will
  accelerate the benefits to be gained from infrastructure investment. The
  federal government should fund provincial and municipal asset plans not
  individual projects, and new collaborative models beyond low-cost bid or P3s
  should be researched and explored.

The submission was the result of an industry-wide consultation with our Board of Directors, partner construction associations, National Advisory Councils, members, and other stakeholders. CCA engaged Nanos Research to help conduct

focus groups, an online survey, one-on-one executive interviews, several national workshops, and a literature review. The consultation was also informed by independent and evidence-based analysis, from the Canadian Centre for Economic Analysis.

On July 29, 2021, the federal government released its report on its National Infrastructure Assessment consultations, which appear to be a step in the right direction in terms of developing a comprehensive plan for funding and financing a long-term vision for Canada's infrastructure.

Seven key findings are highlighted in <u>Building Pathways to 2050: Moving Forward on the NIA</u>, several of which align directly with our recommendations; including accelerating the flow of much needed infrastructure investment to communities, and a national vision for the future guided by evidence-based and independent expert advice through the development of an independent, apolitical advisory council.

# **READ OUR SUBMISSION TO THE NIA**

There is currently no clear timeline for the establishment of an independent advisory body, however the NIA secretariat is currently working on developing selection criteria that could form the basis for its membership composition. CCA's vision for this body is to be independent and non-partisan in order to provide all levels of government and stakeholders transparent, expert advice.

In the fall of 2021, CCA submitted its suggestions on the composition of such an advisory council. The federal government called an election and implemented a cabinet shuffle, resulting in some loss of momentum.







## IV. A VISION FOR INFRASTRUCTURE IN CANADA

During the working session three important themes emerged on where Canada should prioritize its infrastructure investment with the goal of strengthening Canada as the best place to work, invest and live. The participants in attendance concluded that Canada should:

- 1. Be an efficient, trusted domestic and global trading partner.
- 2. Better integrate and connect working and living communities.
- 3. Be world leaders in the green economy.

A full summary of each of the priorities, along with specific areas of focus can be found below.

# 1. Canada should be an efficient, trusted domestic and global trade partner.

Trade enabling infrastructure across the country should be seamless and multimodal to ensure Canada's position as a trusted and strategic trading partner. Through predictable energy, materials and access to workforce, the investment in this focused construction will create economic opportunities domestically and internationally. It should also contain digitized, intelligent, and connected logistics systems and networks to operate effectively.

With a focus on improving capacity and efficiency of coastal ports, the investment into automated container management and the reduced dependency on others for ship building would allow Canada to compete globally with other top trading partners and improve our attractiveness for foreign collaboration.

There were two scenarios under this theme we asked the working group to consider. They will be explored further below in points A and B.

# A. Canadian business leads collaborative partnerships with the United States and Mexico, with significant investment in a North American trade corridor to become globally competitive.

The priority for infrastructure investment under this scenario should focus on freight, road, ports and air routes where shared common geography and existing trade relationships are in place. The emphasis on optimizing trade within North America to compete globally, would ultimately allow a freer flow of people, goods and materials that would address current workforce challenges. There could also be a significant competitive advantage to explore green infrastructure across the continent.

In order to make this happen, Canada needs to:

- Work with Mexico.
- Create joint ventures.
- Invest in pre-fabrication and modular construction opportunities.
- Better understand trade policy and opportunities.
- Establish a North American Development Bank.









# B. Empower Canadian business by creating an efficient transportation network with expanded hubs to bring goods and services to Canadians and to export markets, including Asia.

The priority for infrastructure investment under this scenario should similarly focus on increasing rail, airport, port and road capacity. This investment would help to establish new trade corridors (Churchill, Halifax, Western Canada, Arctic, etc.) and develop new inland ports.

A focus on increasing refinery capacity, while investing in alternative fuel development, LNG pipelines, etc. would create efficiencies that would spur private sector investment and improve consumer confidence with the added ease in getting goods and services to all Canadians. This would be further supported if a sophisticated supply chain management system was implemented to handle more effective container tracking, manage port capacity and other operational improvements across trading hubs.

In order to make this happen, Canada needs to:

- Attract foreign investment.
- Develop a more agile workforce.
- Invest in more artificial intelligence (AI) platforms for logistics management and supply chain.



Rather than moving people from the suburbs to downtown, Canada should focus infrastructure investment on connecting communities where people live and work to cater to families and a post-pandemic agile workforce.

Canada is a family-friendly country with significant investments made to secure the necessary workforce to drive our economy. Our infrastructure should reflect this through affordable housing and improved childcare options. With an increasing migration of businesses out of downtown cores as companies transition to flexible, hybrid or remote working options, there is an opportunity to repurpose office buildings for housing to increase supply. There is also an opportunity to shift the focus of urban design from business-centric purposes to people and communities in the years to come.

With this shift in demographics, transit needs will vary across communities however the requirement for mass transit, bullet trains, etc. as well as improved bike and walking paths remains ever present to better connect communities and integrate a seamless working and living experience. Connecting these communities will allow more flexible work options and improve participation among rural and remote communities.

Finally, to recognize the shift in demographics out of urban areas and to scale up immigration to increase our workforce capacity, investments in clean water and better sewage facilities will be required.

In order to make this happen, Canada needs to:

- Communicate to the public about the value of these investments.
- Improve manufacturing capacity including solar, pre-fab, etc.







Become a global leader in talent attraction, development, and retention.
 An increased focus on attracting and rapidly processing immigrants in order to have them enter the workforce quicker.

# 3. Canada should be world leaders in the green economy.

The need for sustainable and climate resilient investment is critical around the world. Canada has an opportunity to establish a leadership position in leading the green economy. Providing incentives for green investment is the first step. Beyond that, prioritizing the electrification of power grids and the utilization of alternative energy sources should be a focus for the economy, along with developing the required infrastructure for autonomous vehicles and trains.

Even further, Canada could lead the green revolution by expanding its capacity in modular construction to attract workers and improve overall productivity.

In order to make this happen, Canada needs to:

- Focus research and development on new low carbon materials and products.
- Invest in alternative energy sources (solar, geothermal, electrification) and the circular economy.
- Prioritize green technology in procurement.
- Assist education institutions in adapting their curriculum.

### V. CONCLUSION AND NEXT STEPS

Canada's construction sector serves Canadian communities and businesses by building and maintaining the trade enabling infrastructure that creates economic wealth for Canadians, as well as the social enabling infrastructure that attracts a talented workforce and makes us one of the best countries in which to live, work and invest.

We are here to advocate for, and collaborate with Canadian business, government and communities to realize Canada's full potential. This can best be obtained by long-term, prioritized and urgent investment in infrastructure, empowering the economy and benefiting Canadians.





