



Standing Senate Committee on National Finance and
Standing Senate Committee on Social Affairs, Science and Technology
Senate of Canada
Ottawa, Ontario
Canada, K1A 0A4

May 21, 2020

Re: Written Submission in Response to COVID-19 and the Federal Emergency Response

Dear Senator Mockler, Senator Forest, Senator Petitclerc and Senator Poirier,

Construction is an important economic driver in the Northwest Territories and Nunavut, generating over \$1 billion annually in GDP^{1,2} and employing more than 2,000 residents^{3,4} across both territories. The structures we live and work within are created, maintained and renovated by construction companies, and their success has long term impacts on the budgets of northern governments, businesses and households.

From the outset of the COVID-19 pandemic, construction companies have continued to provide employment in communities across the North and move critical infrastructure projects forward. They have done so while adapting to unprecedented operational challenges and bearing the financial risks posed by COVID-19 and the related project delays that are necessary to keep employees safe.

These construction companies, along with their many small business clients and suppliers, must now weather the cash flow shortages brought on by the COVID-19 pandemic. This is why the Northwest Territories & Nunavut Construction Association (NNCA) has endorsed the business support recommendations put forward by the Yellowknife Chamber of Commerce. These recommendations include waiving the revenue loss requirement for the Canada Emergency Wage Subsidy, which will help construction companies access this program even though their revenues fluctuate from project to project throughout the year. Full details on the Yellowknife Chamber of Commerce's recommendations can be found here:
<https://ykchamber.com/business-resilience/>.

As the focus shifts to the long term implications of the COVID-19 pandemic, we urge the federal government to coordinate with governments in the Northwest Territories and Nunavut to enable a strong economic recovery from this crisis. An effective way to do this is by investing in much-needed infrastructure.

Northern Canada's infrastructure deficit is a longstanding issue, and Canada's Arctic and Northern Policy Framework found that "insufficient physical and social infrastructure has hindered opportunities for growth and prosperity in the region."⁵ Numerous studies completed by industry associations and other non-profit organizations have drawn the same conclusions.^{6,7,8,9} It is time for the federal government to take action, not only to stimulate the economy through the current slowdown, but also lay the foundation for a more dynamic northern economy driven by local businesses.

In particular, investments in new housing could provide both emergency relief and lasting strength to Northwest Territories and Nunavut communities. Nunavut currently has a deficit of over 3,000 homes and "staggering overcrowding rates."¹⁰ In the Northwest Territories, 6,308 households are in core need with suitability, adequacy or affordability issues, representing 42.7% of all homes in the territory.¹¹

With increased capital funding from the federal government, the Northwest Territories Housing Corporation and Nunavut Housing Corporation could make rapid progress on northern Canada's housing shortage. These organizations are the largest housing developers in their respective territories with broad networks of community partners, and they spread much of their limited capital budgets across housing projects in many different communities.¹² These key northern organizations can produce the small, shovel ready projects that are needed generate economic stimulus across the North during the COVID-19 pandemic.

Local construction companies are well-placed to secure work on these projects – a review of the 71 construction contracts awarded by the Northwest Territories Housing Corporation last year shows that 94% were awarded to companies based in the territory.¹³ Businesses are incentivized to hire locally for these builds through the Business Incentive Program¹⁴ and the Nunavummi Nangminiqaqtunik Ikajuuti,¹⁵ and these programs only amplify the need to hire locally in order to avoid unnecessary travel and accommodations costs. Construction of a duplex home can provide roughly 3-4 months of steady employment in a small community, and the savings by hiring local labour over this time can be significant.

An ongoing challenge for companies has been finding local employees on short timelines once a construction contract has been awarded, and in late 2019 the NNCA launched a 'reverse job board' that helps companies bidding on these projects find people in Northwest Territories and Nunavut communities who are looking for work.¹⁶ If a company does not hire local for a Nunavut Housing Corporation project, it is required to "house and feed all of its non-resident workers, and the workers employed by subcontractors and agents, in Tourist Accommodations."¹⁷ This ensures that when companies building new homes cannot hire local, they are still supporting Nunavut's registered tourism operators and stimulating local economies.

We thank you for your request to provide this written submission, and hope that as you navigate the COVID-19 pandemic that you give serious thought to the timely economic benefits that could be generated by developing much-needed housing and other critical infrastructure across northern Canada. A clear commitment from the federal government in this area would bring certainty to the construction sector, allowing companies to make important hiring, training and investment decisions. By working together we can help businesses and communities endure this crisis and move forward by building a strong northern economy.

Sincerely,



Duc Trinh
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NWT & Nunavut Construction Association



Matt Belliveau
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