September 4, 2026

The Honourable François-Philippe Champagne
Minister of Finance and National Revenue
Sent via website and email minister-ministre@fin.gc.ca

RE: 2026 PRE-BUDGET CONSULTATIONS

Dear Minister Champagne:

The Independent Contractors and Businesses Association (ICBA) welcomes the opportunity to respond to the Department of Finance Canada's invitation for input on priorities to shape Canada's economic future in advance of the 2026 federal budget.

ICBA is the largest construction association in Canada with more than 6,000 members, clients and affiliated companies, primarily in British Columbia and Alberta. ICBA is a strong advocate for open markets, fair and competitive public tendering, cost-effective regulation, and the responsible development of Canada's natural resources. ICBA is also one of the largest sponsors of trades apprentices in Canada, directly trains thousands of construction professionals every year, and provides group health, dental and retirement benefit plans to more than 330,000 Canadians.

From residential construction that addresses the country's housing shortage, to transportation infrastructure that keeps supply chains moving, to the pipelines, power generation and resource development projects that underpin our energy sector, ICBA members are on the frontlines of building the physical foundations of a stronger, more competitive Canada.

ECONOMIC CONTEXT

The Canadian economy has gained some traction in 2026 with real GDP growing by 0.8 per cent in the second quarter, but that momentum is now threatened by the latest round of U.S. tariff hikes and uncertainty over CUSMA's future. The new U.S. section 338 tariffs, covering roughly five percent of Canada's southbound exports, could trim economic growth by as much as 0.4 per cent annually in 2026/27. Compounding this, CUSMA's unresolved status and the prospect of further U.S. and retaliatory Canadian tariff hikes risk returning many of our businesses to a holding pattern pending greater clarity on the trade relationship.

On the fiscal front, the federal government's own projections show the federal debt-to-GDP ratio will rise from 41.3 percent in 2025-26 to 42.5 percent by 2030-31, driven by persistent deficits averaging 1.8 percent of GDP. Restoring fiscal discipline and bending the debt curve downward must remain a medium-term priority. However, given the depth of trade-related uncertainty and the fragility of the current recovery, aggressive short-term deficit reduction would come at the expense of the investments and competitiveness measures Canada urgently needs right now.

Canada also must come to grips with its declining competitive performance and the stagnation of the productive capital stock due to a decade of sluggish business investment. A recent Fraser Institute study found that real, inflation-adjusted business investment per worker in Canada has been falling since 2014, slumping from 87 cents of every dollar invested per worker in the U.S. in 2014 to just 54 cents by 2024. C.D. Howe Institute research corroborates this trend, finding Canada's capital stock per worker is smaller and less up-to-date when measured against the broader OECD: Canadian workers now receive just 70 cents of new business investment for every dollar received by their OECD counterparts. This is not mainly a story about tariffs; instead, it reflects deeper, longer-running weaknesses in Canada's regulatory and tax competitiveness that predate the current trade dispute. Reversing this decade of underinvestment and rebuilding Canada's productive capital stock must be a central objective of Budget 2026.

BUILD-BUILD-BUILD

ICBA supports the government's focus on enacting an ambitious agenda to accelerate building across the Canadian economy, encompassing housing, infrastructure development, and new industrial projects in the energy, natural resource, transportation, and manufacturing sectors. The opportunity is enormous: according to a new analysis from TD Economics, with the right policies in place, Canada could be on the cusp of an "investment super-cycle" extending over the next decade and beyond.

The Prime Minister has said Canada is facing a war-like situation because of the aggressive nature of U.S. trade policy. We agree. It is time to tackle key domestic policy and regulatory impediments to investment and economic growth with wartime urgency and determination. This is not a time for status quo policies or tinkering at the edges of the problems holding our economy back.

ICBA recommends that the government enact a suite of ambitious policy and regulatory reforms to:

1. Modernize, streamline and speed up project approval and permitting regimes in the federal jurisdiction;
2. Remove barriers to developing and building new infrastructure (including pipelines) across the economy;
3. Work with the provinces to ensure they make similar changes within their own areas of jurisdiction; and,
4. Launch a comprehensive review of Canada's tax system, as part of a broader agenda to bolster the country's competitiveness, stimulate investment and business growth, encourage innovation, and make Canada a top-tier jurisdiction for entrepreneurial wealth creation.

Guided by these overall policy priorities, ICBA offers the following recommendations to grow the economy build the homes, infrastructure, and industrial developments Canada urgently needs.

BUILD MORE HOMES

Trade uncertainties and housing market stagnation, layered on top of chronic supply shortages that pushed prices beyond the reach of working Canadians in some areas of the country, have resulted in a shrinking residential construction pipeline, notably in Ontario and B.C. Housing starts in the Vancouver area fell 42% year-over-year in July. B.C. recorded just 124 presales in the first quarter of 2026, against roughly 6,000 in the first quarter of 2021. In Alberta too, housing starts are down 19% year-to-date and projected to fall 27% for the full year, albeit from record high levels.

To restore buyer confidence and reduce the cost of building, ICBA submitted the following seven recommendations to the federal Minister of Housing on August 26, 2026:

Restore Buyer Confidence

- **Recommendation 1: Withdraw from the condo acquisition component of the Canada-British Columbia partnership on condo conversion**
  The June 2026 B.C.-Canada plan to acquire or finance 2,200+ unsold condo units on undisclosed terms was not requested by ICBA's members and ignores the real causes of weak demand for ownership housing, risking higher prices and diverting funds from the regulatory and cost barriers every builder faces. ICBA recommends that the federal government withdraw from the unit-acquisition component of the aforementioned Canada-B.C. agreement, while expanding the accompanying infrastructure funding and development cost charge relief to lower costs on every new unit built, not just a select few.

- **Recommendation 2: Expand GST rebate eligibility to all buyers of new builds under $1.5 million, not just first-time homebuyers**

The First-Time Home Buyers' GST/HST Rebate is too narrow to make an impact: it applies to just 4.8% of completions nationwide through 2030-31. While Ontario has temporarily extended HST relief to all new-home buyers, B.C. and Alberta have no provincial sales tax integrated with the federal GST to do the same. ICBA recommends extending the GST/HST rebate to all new-home buyers (full relief up to $1 million, phasing out to $1.5 million) nationwide. With Ontario projecting its own expansion will add 8,000 housing starts, 21,000 jobs, and $2.7 billion in GDP, a federal expansion would extend that boost nationally.

- **Recommendation 3: Replace the expiring foreign buyer ban with a framework that permits foreign investment in new construction, while maintaining restrictions on existing homes**
  The federal ban on foreign residential purchases expires January 1, 2027. With new-build demand weak and presale financing nearly gone, extending the current blanket ban risks harming the construction pipeline rather than protecting it. ICBA recommends an Australian-style replacement: keep foreign buyers out of existing homes, but open new and pre-construction projects to foreign investment, restoring a key financing source that would help stalled projects hit presale thresholds and move forward.

Reduce the Cost of Home Building

- **Recommendation 4: Pause changes to building codes and other regulations that increase construction costs**
  Frequent National Building Code and Canadian Electrical Code updates have contributed to a 70% rise in residential construction costs since 2019, against a 25% economy-wide inflation. Other jurisdictions, including Australia and California, have already paused their own code updates to prioritize affordable supply. ICBA recommends the federal government review the code to cut red tape and enact a moratorium on cost-raising changes through at least 2030. This would reduce compliance costs and free our homebuilders to focus on lowering prices.

- **Recommendation 5: Revise CMHC's scoring system for housing projects**
  CMHC's Apartment Construction Loan Program scores projects on affordability, energy efficiency and accessibility. ICBA recommends that CMHC prioritize affordability in the score system and introduce a dedicated points incentive for two- and three-bedroom units to encourage the development of family-friendly rental options.

- **Recommendation 6: Defer capital gains tax on reinvestments in Canadian construction projects**
  Section 44 of the Income Tax Act allows a capital gains rollover on replacement property but excludes rental property, discouraging asset sales and locking up capital needed for new construction. ICBA recommends extending the rollover to rental and residential construction property, deferring tax as long as proceeds stay reinvested in Canadian construction. This costs government nothing upfront, since tax is collected once capital leaves the sector, and frees up capital in a sector worth 7.7% of GDP and 1.2 million jobs.

- **Recommendation 7: Tie federal housing funding to reductions in municipal and regional development charges**
  Development charges are now one of the largest single cost items in a new home, and they are levied upfront, at the point in a project when capital is scarcest. These costs are ultimately passed to buyers and renters. ICBA recommends expanding federal funding for development charge reductions tied to measurable results, and favouring municipalities that collect charges at occupancy rather than at permit issuance.

Accelerate Infrastructure and Industrial Development

Canada has no shortage of projects waiting to be built, only project review and permitting systems that are too slow to build them in a timely, cost-effective manner. ICBA Economics tracks over $650 billion of "major projects" in B.C. and

Alberta combined as of mid-2026, with some of these already under construction and many more in the "proposed/planned" category. These projects span all parts of the wider construction universe: multi-family residential; industrial (energy, mining, manufacturing, etc.); commercial; infrastructure development (transportation, pipelines, electricity transmission, and telecommunications); and a diverse mix of public sector projects.

A key challenge for policymakers in Ottawa and the provinces is to make it easier to convert proposed/planned projects to shovels in the ground, without excessive delays and cost escalation. To accomplish this, Budget 2026 should build on the measures adopted by the federal government since early 2025 by taking additional steps to further streamline project approvals and permitting regimes, strengthen supply chains, and ensure that Canada has the workforce in place to support an ambitious agenda to "build-build-build" across the country.

Streamline approvals and Improve coordination

Canada's federal regulatory system contains almost 150,000 requirements, and the average Canadian business – including huge numbers of very small firms – now spends more than 250 hours a year on regulatory compliance. Major projects can wait more than five years for a federal decision before construction begins, and it can take more than 15 years to get a new mine approved and operating. Port Metro Vancouver, a federal government entity, has spent almost 15 years seeking to advance a single project intended to expand the port's container-handling capacity. None of these outcomes is acceptable. Things need to change, and quickly.

- **Recommendation 8**: **Cut federal reviews and decisions for major projects to less than a year**
  Speeding up approvals shouldn't be reserved for a handful of projects labelled by political leaders as in the "national interest," as under Bill C-5. Without reform that applies broadly, Canada ends up picking winners and fast-tracking a select few economic development projects, while leaving everyone else mired in the same regulatory purgatory that has damaged Canada's global reputation as a place to invest and do business.

  ICBA supports the legislative, regulatory, and policy reforms outlined in the federal government's May 8, 2026, discussion paper on project approvals, and we call on the government to immediately implement them, coordinating impact assessments and permitting processes under a single project authority through clear, time-bound regulatory processes that reduce duplication across jurisdictions and improve investment certainty.

- **Recommendation 9**: **Reduce regulatory requirements for all businesses**
  In the past decade, the count of federal regulatory requirements has increased nearly 20,000 to more than 149,000. According to one source, this trend has led to higher red-tape costs of at least $51 billion for Canadian businesses. A 2025 Statistics Canada study finds that the cost of "regulatory burden" rose by 37% from 2006 to 2021, causing a "negative effect on growth in firm output, employment and labour productivity." ICBA urges the federal government to undertake a sector-by-sector review of regulatory burden and commit to reduce the number of regulatory requirements for all significant industry sectors by at least 10% by the end of next year.

Other Pro-Growth Policy Changes

- **Recommendation 10**: **Launch an overhaul of Canada's complex and antiquated tax system**
  Canada's tax system has become a competitive liability. Canada ranks 22nd out of 38 OECD countries in terms of corporate taxation, based on the Tax Foundation's International Tax Competitiveness Index. The Fraser Institute estimates that eliminating just 49 economically inefficient federal "tax expenditures" would have increased federal revenues by $32 billion in 2023-24 alone. Leading public finance economist Jack Mintz recently outlined a program of significant tax policy reforms that, if implemented, would do much to boost investment, stimulate entrepreneurship and support business growth in Canada over the medium term.

  ICBA recommends the federal government launch a comprehensive review of Canada's tax system to reduce unnecessary complexity and compliance costs and account for important changes in our economy (including the growing importance of intangible capital and the rise of digital services). The three overarching goals of such a review should be to 1) strengthen Canada's ability to attract and retain investment and talent, 2) raise the revenues needed to pay for public services and programs without undermining the foundations for economic and productivity growth, and 3) simplify and lessen the compliance burden on Canadian taxpayers (both businesses and households).

Protect Supply Chains

Canada's fragile supply chains are putting infrastructure and industrial development at risk. Since 2024, the federal Minister of Labour has invoked Section 107 of the Canada Labour Code nine times to get workers back on the job – mainly in the economically critical railway and port sectors. Construction depends heavily on the steel, glazing, elevators, and HVAC systems that move through the Port of Vancouver and the Port of Prince Rupert. When those ports stop, so do our members' projects. Over a 16-month span in 2023–24, West Coast port shutdowns totaled 24 days and disrupted an estimated $19.2 billion in cargo. The impact was direct: 62% of ICBA members surveyed reported supply chain disruptions, with 79% experiencing delayed projects and 56% raising prices as a result. Canada can no longer afford or tolerate the economic pain and reputational harm caused by frequent labour disruptions across important parts of the country's transportation supply chain.

With the next round of bargaining between the British Columbia Maritime Employers Association and the International Longshore and Warehouse Union expected this fall, the time has come for decision action by federal policymakers.

- **Recommendation 11: Establish geographic certification at west coast ports**
  ICBA recommends that the federal government act now to establish British Columbia-wide geographic certification as the bargaining unit for West Coast port longshore workers, as recommended by the Industrial Inquiry Commission on Longshoring Disputes. This would replace the voluntary, terminal-by-terminal bargaining model that lies at the root of West Coast port instability with one stable framework, without removing the right to strike or lockout.

- **Recommendation 12: Create a special mediator mechanism**
  ICBA recommends the federal government establish a special mediator to intervene when conciliation fails to produce an agreement, giving government a neutral, third-party view of the facts. Both parties should be barred from issuing strike or lockout notice while the mediator is active and for ten days after their report is issued, giving government time to weigh the evidence and act.

- **Recommendation 13: Establish a standing alternative dispute resolution authority for critical sectors**
  ICBA recommends the federal government creates a standing mediation-arbitration authority that Cabinet can invoke when a labour dispute in a critical sector, such as transportation supply chains, threatens the national interest. Mediation and bargaining would continue, supported by settlement recommendations, with unresolved issues referred to binding arbitration, offering a clear, predictable, and balanced way to protect Canada's economy and supply chains while preserving collective bargaining.

Build a 21st Century Canadian Workforce

Canada's construction sector cannot build what the country needs without the people to build it. BuildForce Canada projects roughly 21 per cent of the residential workforce and 20 per cent of the non-residential workforce will retire by 2035, leaving demand for new workers outpacing supply and generating substantial shortages over the period ending in 2034. Separate analysis by ICBA Economics finds that the labour supply shortfalls expected to emerge in the construction sector in B.C. and Alberta will significantly exceed the forecasts published by BuildForce Canada. These construction workforce gaps threaten the country's broader capacity to build the homes, infrastructure, and the industrial base our economy depends on. To tackle these challenges, ICBA recommends the following:

- **Recommendation 14: Improve current immigration programs**

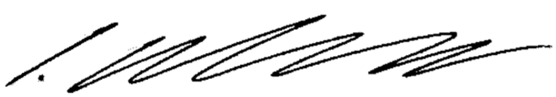
ICBA recommends the federal government revisit existing economic immigration programs, with a view to aligning immigrant selection more closely with labour market demand and the needs of the economy, including the construction industry. Greater weight should be given to applicants with construction-relevant skills and experience, particularly in light of the federal government's sweeping "build-build-build" agenda to drive the Canadian economy. Federal immigration policy and selection should be more responsive to regional workforce trends and supply shortfalls, with the provinces being encouraged to provide practical pathways for experienced tradespeople whose qualifications may not be adequately recognized by academic-focused criteria. Finally, Ottawa and the provinces must collaborate, and work with industry, to improve foreign credential recognition to increase the likelihood that new immigrants can put their skills to effective use once in Canada.

- **Recommendation 15: Open skilled trades funding to all training providers**
  ICBA welcomes the federal government's Spring Economic Statement commitment to recruit, train, and hire the workforce needed to build Canada. However, restricting major portions of this funding to narrow delivery pathways involving a small group of traditional unions limits its reach and is discriminatory. For instance, a new $331-million training-infrastructure stream flows only through union channels, even though roughly 70% of Canada's construction workforce, including 85% in B.C. and 88% in Alberta, is not part of a traditional building trades union. To develop the construction workforce Canada needs, this funding must be open to open-shop contractors, private trainers, and the colleges that already do the bulk of this training.

In conclusion, ICBA is confident that Canada has the resources, capital, and workforce to develop and sustain a stronger, more prosperous and more competitive economy. What the country lacks is a system that is designed to move at speed and with the focus that the present moment requires. ICBA's members, homebuilders, contractors, and tradespeople across British Columbia and Alberta are ready to build. Budget 2026 is a key opportunity to set the stage for a brighter Canadian future.

ICBA appreciates the opportunity to provide these comments and welcomes further dialogues with the Minister of Finance and National Revenue on our recommendations.

Sincerely,
INDEPENDENT CONTRACTORS AND BUSINESSES ASSOCIATION



Chris Gardner
President and CEO

CC
Hon. Michael Chang, Shadow Minister for Finance michael.chong@parl.gc.ca
British Columbia and Alberta Members of Parliament
Mike Martens, President, ICBA Alberta