



ASSOCIATION OF CONSULTING
ENGINEERING COMPANIES | CANADA

ASSOCIATION DES FIRMES
DE GÉNIE-CONSEIL | CANADA



Infrastructure: Investing in prosperity, productivity and competitiveness

Written Submission for the Pre-Budget Consultations in Advance of the 2019 Budget

Submitted by:

**Association of Consulting Engineering Companies | Canada
John Gamble, President and CEO**

***Infrastructure:
Investing in prosperity, productivity and competitiveness***

Summary of recommendations:

1. Expedite the delivery of already-committed infrastructure funds and projects through a re-profiling of the existing Building Canada Plan
2. Also invest strategically in infrastructure programs supported by asset management, not just individual projects
3. Review the cumulative regulatory burden that can significantly delay or increase the costs of projects
4. Begin planning and renegotiating the next generation of federal infrastructure investments prior to the expiry of current programs
5. Adopt Senate recommendations to strengthen the economy and trade with a National Infrastructure Corridor

Introduction

Infrastructure is a core business of government and an investment in our economic, social and environmental quality of life. It connects and enhances communities, it enables commerce and trade, and it protects the environment. ACEC applauds the meaningful and significant commitments by the government in this vital area for our economic prosperity. It is encouraging to see that all parties are in broad agreement on the key role for the federal government in our national infrastructure.

Commitments of seven, then 10, now 12 years provide the opportunity for owners of infrastructure to plan more effectively and manage their assets more effectively. It allows for the design and construction supply chain, including municipalities and public agencies, to more effectively manage and invest in their capital and their technological and human resources.

Design and construction firms, upon which governments rely to deliver infrastructure, are currently trying to retain their workforce through this early period of relatively modest investment. Then, when investment increases drastically and rapidly at the back-end of the programs, there will be significant pressure on industry that will be difficult to meet demand. Labour and materials will become more expensive because of intense competition. Approval and regulatory processes will become overwhelmed. Municipalities could have challenges with cash flow or meeting their contributions. Delays and overruns will become almost inevitable. The resultant business uncertainty may discourage private investment. The important economic and societal benefits of infrastructure may be delayed or—worse—unmet.

Expedite the delivery of already-committed infrastructure funds and projects through a re-profiling of the Building Canada Plan

It is also important that the commitments are not only long term but also timely and as consistent as possible. Both the Investing in Canada Plan under the current government and the Building Canada Plan under the previous government are significantly back-end loaded, with most of the investments skewed toward the latter years of the program. The recent delays, while understandable, will even further back-end load these infrastructure commitments. This threatens to negate some of the advantages of making long-term commitments. It also delays opportunities to grow our economy and diversify trade.

To help these vital infrastructure investments have a positive economic impact in a timelier and more consistent manner in the short and long term, we recommend a forward re-profiling of the existing *Building Canada Plan* from the previous government so that investments can be made earlier over the program's lifespan to help offset the recent profiling of the phase two investments in the last federal budget.

Invest strategically in infrastructure programs, not just individual projects

Infrastructure projects do not exist in isolation of one another. Collectively, our infrastructure is what connects and enhances communities, enables commerce and trade, and protects our environment. However, our infrastructure is only as effective as the weakest link. Therefore, to receive the best return on infrastructure investment, a coordinated and strategic approach should be taken to infrastructure planning and investing.

In cases where municipalities have robust and well-considered asset management plans in place, we recommend providing funding based on their investment program rather than on a project-by-project basis. This would allow multiple strategically-related projects to be efficiently approved under a single application. It will serve as an incentive for municipalities to develop and adopt asset management plans to guide strategic investment decisions.

Review the cumulative regulatory burden that can significantly delay or increase the costs of projects

Each year, all levels of government introduce new laws and regulation impacting everything from labour to licensing, from building permits to accessibility requirements. Each of these may individually be very sound policy, but there's rarely consideration of the cumulative impact. Added together, these regulations represent a significant drag on the ability of private sector and other actors to implement the government's infrastructure agenda, and to flow the economic benefits associated with it to the communities that will benefit. The federal government should conduct a more robust set of cost-benefit analyses for all regulations that it enacts, to ensure that benefits exceed costs. It should also conduct regular reviews of existing regulations to ensure that regulations' objectives are being met at an acceptable cost to the taxpayer and the economy.

In particular, Bill C-69 has onerous and often unclear requirements regarding environmental impact assessments. Many provincial and municipal projects will likely fall subject to the provisions Bill C-69. While there is a lot more detail yet to come, there is a significant risk that unless Bill C-69 and its regulations are sufficiently clear and appropriately scoped, it may result in projects being delayed or not proceeding at all.

Begin planning and renegotiating the next generation of federal infrastructure investments prior to the expiry of the current programs

Gaps between programs result in layoffs and lost capacity and expertise, only to have to rebuild years later when a new program is announced. This applies to both consulting engineering firms and their public sector partners. For example, after the expiry of the previous *Building Canada Plan*, there were three announcements over two governments. Each successively and legitimately claimed to be the largest commitment in Canadian history. However, over this same period we also saw our industry shrink by 15% as we waited for the funding to flow—a loss of much-needed expertise and capacity. Only recently have we started to rebuild that capacity.

Adopt Senate recommendations to strengthen the economy and trade with a national infrastructure corridor

ACEC urges the government to enact many of the recommendations from the 2017 Senate Report titled [*National Corridor: Enhancing and facilitating commerce and internal trade*](#), written by the Senate Committee on Banking, Trade and Commerce. Such a corridor is essentially a pre-established, pre-approved right-of-way dedicated to accommodating multiple infrastructure assets (e.g. road, rail, pipeline, electrical transmission and communication).

A national corridor would benefit all Canadians. Not only would a corridor make it more economically viable to connect northern and remote communities to vital economic and quality of life enhancing infrastructure (such as power, communications, road and rail), it would also establish a sound and predictable business case for private investment in economically driven projects to access resources and to enhance trade of goods and services within Canada and internationally. In particular,

A coordinated and collaborative approach to a national corridor could also proactively address social and environmental concerns making the planning, development and implementation of both public and private infrastructure projects less costly and more time effective. Furthermore, it would allow the development of infrastructure within the smaller geographical footprint of a dedicated corridor and result in a lesser impact on the environment and on surrounding land uses. A national corridor would help bring projects to fruition and limit the environmental impacts, both of which are in support of your government's objectives. However, because of the

national scope of such a project and the many jurisdictions and stakeholders involved, national leadership is required from the government.

About the Association of Consulting Engineering Companies

The Association of Consulting Engineering Companies (ACEC) is the national voice of consulting engineering in Canada. Consulting engineers are experts in infrastructure and will be directly involved in delivering the federal government's \$126 billion commitment to infrastructure.

ACEC is a federation of 12 provincial and territorial associations representing over 400 companies that provide engineering and other professional services to both public and private sector clients across Canada. These services include the planning, design and execution of all types of infrastructure projects as well as providing independent advice and expertise in a wide range of engineering and engineering-related fields.

Through offering these services, ACEC member companies have a direct influence on virtually every aspect of our economic, social and environmental quality of life in Canada.

Consulting engineering in Canada is a \$28.4 billion a year industry. ACEC member firms directly employ over 60,000 Canadians. Canada is globally recognized for its engineering services and is the second largest exporter of engineering services in the world. ACEC is an influential member of the International Federation of Consulting Engineers (FIDIC).

For more information, please contact:

John Gamble, CET, P.Eng.
President and Chief Executive Officer
Association of Consulting Engineering Companies | Canada
www.acec.ca
jgamble@acec.ca