



ASSOCIATION OF CONSULTING
ENGINEERING COMPANIES | CANADA

ASSOCIATION DES FIRMES
D'INGÉNIEURS-CONSEILS | CANADA

Pre-Budget Consultations in Advance of the 2018 Budget

Infrastructure: Investments in prosperity, productivity and competitiveness

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Summary of recommendations

1. **Prioritize investments that enable economic prosperity, productivity and competitiveness**
2. **Adopt Senate Recommendations for Federal Infrastructure Programs**
3. **Implement National Corridors to accommodate multiple infrastructure assets**
4. **Use procurement best practices for quality, innovation and long-term life-cycle savings**
5. **Harmonize federal and provincial approvals to reduce red tape and provide clarity**

Introduction

- The Association of Consulting Engineering Companies - Canada (ACEC) applauds the federal government's commitment to infrastructure investment.
- Public infrastructure is a core business of government that is vital to Canada's prosperity and quality of life
- Infrastructure is an investment that grows our economy, strengthens and connects our communities and protects our environment.
- Study after study demonstrates a link between infrastructure investment and economic performance.
- The commitment to infrastructure investments needs to be strategic, predictable and ongoing in order to provide the best value and return on investments to Canadians.

Background

- Recent investments in infrastructure by all levels of government will help improve the quality and capacity of some of Canada's public infrastructure.
- However, currently committed funds, while very important, are not sufficient to meet all of the historical and emerging demands.
- Since 2006 infrastructure investment in Canada has averaged 3.4% of GDP, up from 2.5% from 2001-2006.
- However, even with recent government programs and initiatives, investments are significantly lower than 6% of GDP in the 1950s and 1960s.
- Some of Canada's major economic competitors such as China and India have been investing as much as 9% of GDP towards infrastructure.
- ACEC is prepared to continue to work closely with the federal government and other stakeholders to ensure that the program is a success.

Infrastructure: Investments in prosperity, productivity and competitiveness

1. Prioritize investments that enable economic prosperity

The Association of Consulting Engineering Companies believes that infrastructure can be an effective investment in our social, economic and environmental quality of life. However, priority should be given to core infrastructure that grows the economy, creates jobs and expands the tax base. Growing the economy will be essential to making further investments in community and social infrastructure viable and sustainable in the long term.

The recent commitment of \$2.1 billion to transportation and trade corridors is an excellent example of such investments by the federal government. Other such investments that the federal government should also consider include those recommended by the Canadian Chamber of Commerce in its recent report [*Stuck in Traffic for 10,000 Years: Canadian Problems that Infrastructure Investment Can Solve*](#).

Sufficient, up-to-date and well-maintained infrastructure creates wealth. In its 2010 report [*Lessons from the Recession and Financial Crisis*](#), the Conference Board of Canada concluded that every dollar spent on infrastructure has the potential to increase GDP by as much as \$1.20. By contrast, infrastructure underinvestment is costing the Canadian economy 1.1% of real GDP annually and reducing the long-term profitability of Canadian businesses by an average of 20% according to [*Public Infrastructure Underinvestment: The Risk to Canada's Economic Growth*](#) by the Residential and Civil Construction Alliance of Ontario (2010).

2. Adopt Senate Recommendations for Federal Infrastructure Programs

The Senate Standing Committee on National Finance has just released its interim report on federal infrastructure programs entitled, [*Smarter Planning, Smarter Spending: Ensuring Transparency, Accountability and Predictability in Federal Infrastructure Programs*](#). ACEC is supportive of the current federal infrastructure programs and believes that the recommendations are sound public policy that will improve and further strengthen federal infrastructure programs. The recommendations are practical, pragmatic and very much consistent with what ACEC has been advocating over the past several years. For ease of reference, recommendations of the Standing Senate Committee are as follows:

- That the Government of Canada release all data on infrastructure projects, except where national defence and security are at stake, and that it also reports all provincial, territorial and municipal data on infrastructure projects.
- That the Government of Canada develop a long-term national infrastructure strategy with clear priorities, concrete objectives and specific performance measures. This strategy should take into consideration municipal, provincial and territorial priorities as well.
- That the Government of Canada report to Canadians on the achievements of the two stated goals of the infrastructure funding program which are job creation and the delivery of sustained economic growth.
- That the Government of Canada take appropriate measures to make up for delays that can occur in infrastructure spending.
- That the Government of Canada continue its efforts by focusing on investments in basic and strategic infrastructure, such as broadband Internet connectivity, to improve the quality of life of Canadian communities and enable Canada's rural, Northern and Indigenous communities to fully share in the country's economic growth.
- That the Government of Canada clearly define the governance of the Canada Infrastructure Bank, its business model, its practices and its strategic objectives.
- That the Government of Canada ensure the independence of the chairperson and the board of directors of the Canada Infrastructure Bank by drawing on Canadian and international best practices in governance.

3. Implement National Corridors to accommodate multiple infrastructure assets

ACEC recommends that the federal government work with all levels of government and relevant stakeholders to identify and acquire lands and to facilitate the securing of required approvals for a network of national infrastructure corridors. A nationwide network of these corridors would connect all regions of Canada, help address social and environmental concerns and facilitate the planning, development and implementation of both public and private infrastructure projects in a less costly and more time effective manner.

As recently as June 2017, a Senate report entitled [*National Corridor: Enhancing and Facilitating Commerce and Internal Trade*](#) proposed the building of a national infrastructure “right-of-way” across Canada’s North and near north. The concept of such corridors are pre-established passages dedicated to accommodating multiple infrastructure assets, including road, rail, power, pipeline and communication projects. The Senate report drew upon a recent study by the University of Calgary School of Public Policy which in turn was inspired by a proposal by General Richard Rohmer during Canada’s centennial back in 1967.

Infrastructure corridors would make it easier and more economically and environmentally viable to connect northern and remote communities to vital economic and quality of life enhancing infrastructure.

Currently, Canada has a fragmented and uncoordinated approach for planning and approvals which is delaying and discouraging projects that could otherwise provide market access for Canadian products, allow movement of goods and services, provide energy and otherwise grow the economy of regions across Canada. The federal government should work with all levels of government and relevant stakeholders to identify and acquire lands and to facilitate the securing of required approvals for a network of corridors to connect all of Canada’s major urban centres and regions. An integrated planning approach to infrastructure would eliminate the need for multiple reviews of major nation building projects and allow governments to better consult with the First Nations and local stakeholders on the correct path for a right-of-way where projects could then be built. One of the key benefits is that a national corridor would require a significantly smaller geographical and environmental footprint than the current fragmented approach. It would also allow for a more efficient and environmentally sustainable way of extracting natural resources and deliver them to market, helping to grow Canada’s economy.

4. Use procurement best practices to achieve quality, innovation and long-term savings

Supporting Canada’s infrastructure represents a significant investment of tax dollars. Upfront procurement decisions have a significant impact on not only the cost and quality of the design and construction phases, but on operations and maintenance of infrastructure assets. Engineering and other professional services typically account for only 6%-18% of capital costs of infrastructures projects and 1%-2% of total costs over the life-cycle of infrastructure assets. Yet these services dramatically impact all aspects of the financial and operational success of infrastructure for decades.

In order to ensure the best possible outcome and the best possible value to taxpayers, Qualifications-Based Selection (QBS) should be used for the procurement of engineering and other professional services. QBS is recommended by the **National Guide to Sustainable Municipal Infrastructure** (a collaboration of the Federation of Canadian Municipalities, National Research Council, *et al.*) in its publication entitled the [*Best Practice: Selecting a Professional Consultant*](#). This guide was developed by the public sector for the public sector.

QBS focusses on the qualifications of the project team and their understanding of the project objectives. QBS results in a project scope, schedule and budget that are realistic and commercially fair and responsible. This results in high quality projects with increased service life and significant life-cycle savings over the entire design life.

QBS also encourages and rewards innovative projects. However, current public procurement practices often discourage and even penalize innovation by: assuming the lowest price is the best price; by unilaterally transferring all risk to the proponent; and by not respecting intellectual property of service providers.

It should also be noted that, in context of NAFTA renegotiations, adoption of QBS would bring Canada into alignment with American procurement practices for engineering and other professional services as mandated by US federal law under the [*Brooks Act \(P.L. 92-582\)*](#) since 1972. An [*Analysis of Issues Pertaining to Qualifications-Based Selection*](#) by two universities confirmed the financial and operational benefits of using QBS based on years of experience in the US.

5. Harmonize federal and provincial approvals to reduce red tape and provide clarity

It is important that proponents of major projects in both the public and private sector have confidence in the regulatory approval regimes in order to make informed business decisions. Proponents of projects support rigorous environmental assessment based on science, provided the process is clear and efficient with minimal interjurisdictional duplication and overlap.

Unreasonable and unforeseen delays make it extremely difficult for both public and private sector proponents, as well as their consultants and contractors, to plan and commit resources to projects. Delays can also create uncertainty in both material and labour markets resulting in significant cost escalation for projects – these can sometimes be ruinous to the proponent. Unnecessary delays to projects can also result in lost economic opportunity.

There is an adage that a timely “no” is better than an indefinite “maybe”. And while there may be cases where it will be in the greater public interest to not approve a project, the objective of environmental approvals should not be obstructionist. The objective should be to ensure the implementation of environmentally and socially responsible projects.

About the Association of Consulting Engineering Companies | Canada

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).

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