

**Written Submission for the Pre-Budget Consultations in Advance of
the Upcoming Federal Budget**

**The Canadian Council for
Public-Private Partnerships**



**Le Conseil Canadien pour
les Partenariats Public-Privé**

By

The Canadian Council for Public-Private Partnerships

Friday, August 7, 2020

Recommendation 1: That the government implement fairness and flexibility in federal infrastructure project agreements to keep companies and projects viable in relation to current challenges arising from the pandemic.

Recommendation 2: That the government enhance the mandate of the Canada Infrastructure Bank to enable it to play a central role in the government's stimulus and recovery programs and to catalyze greater private sector involvement and investment.

Recommendation 3: That the government implement electronic submissions to fast track project procurement and delivery.

Recommendation 4: That the government fast track project procurement and delivery

Recommendation 5: That the government provide the needed funding to help improve care options and standards for Canada's seniors in the wake of the pandemic's high infection rate and death toll among this vulnerable group.

Recommendation 6: That the government support the needed legal, technical and financial advisory services for jurisdictions pursuing P3s.

Recommendation 7: That the government should create a long-term, sustainable and flexible infrastructure fund for Indigenous communities.

Recommendation 8: That the government implement an ongoing examination of proposed federal infrastructure projects to find new asset classes that may be suitable for public-private partnerships (P3s).

Recommendation 9: That the government implement a review of its infrastructure asset portfolio to determine areas where it could leverage private sector capital by monetizing, selling or recycling assets.

Recommendation 10: That the government continue to allocate significant funding to provide short-term liquidity to municipalities, while also establishing longer-term predictable funding streams to help facilitate infrastructure planning.

Recommendation 11: That the government implement an accelerated approach to its funding and approval of projects to quickly deploy high-speed internet capabilities in rural and remote areas.

Recommendation 12: That the government implement an incentive for companies to add high speed internet upgrades in concert with major infrastructure projects.

Recommendation 13: That the government should provide continued funding for communities to develop more robust, resilient utilities, from energy to clean water.

Recommendation 14: That the government provide additional funding for trades training and apprenticeships to support the construction industry.

Recommendation 15: That the government support a more ambitious education and capacity building program to enable more impactful infrastructure investment.

The Canadian Council for Public-Private Partnerships (CCPPP) welcomes the opportunity to submit recommendations to the Federal Government for Budget 2021.

Canada's infrastructure industry is facing unprecedented challenges as a result of the COVID-19 pandemic. Although it is generally responding effectively to the current crisis, there remain several ongoing challenges and opportunities to improve how the government delivers its ambitious, long-term infrastructure plan that has record investments planned over the next decade.

Budget 2021 provides an opportunity to invest in infrastructure as part of its stimulus and recovery plans to restart the economy. This sector has a proven track record of transforming communities, creating jobs and helping the Canadian economy grow and prosper.

At the same time, best value for money must remain the guiding principle. It will be important to resist rushing to the easiest projects — shovel smart should trump shovel ready. In the 2008 global financial crisis, short-term stimulus funding was largely spent on refurbishing existing assets when it would have been more economically rational to replace them. Capital investments were also made without appropriate sources of funding for longer term operations and maintenance.

Canada is extremely fortunate to have a globally-leading infrastructure sector that is ready to contribute and the public-private partnership approach is particularly well positioned to rise to the challenge.

Recommendations

- **Fairness and flexibility to keep companies and projects viable:** Although much of the Canadian construction sector has kept working as an essential service, it is not emerging from the pandemic unscathed. COVID-19-related project cost increases and delays are significant and clarity is needed on how these will be treated to ensure companies and projects affected remain viable. The federal government should contribute to construction COVID-19 relief, particularly in projects in which they have participated through the *Investing in Canada Plan*. Matching requirements at the provincial and particularly at the municipal level should be relaxed to ensure good projects are not delayed by lack of financial resources.
- **Enhance the mandate of the Canada Infrastructure Bank:** The federal government should enhance the mandate of the Canada Infrastructure Bank to enable it to play a central role in the government's stimulus and recovery programs and to catalyze greater private sector involvement and investment. The Bank should prioritize infrastructure investments that are transformative and national in scope, e.g., a Canada-wide water/wastewater investment program; to more aggressively encourage unsolicited proposals from the private sector; and that the requirement to restrict financing to revenue-generating projects be relaxed.
- **Electronic submissions:** By using electronic submissions, governments could save time and money, leading to quicker project awards and faster shovels in the ground, as well as meet requirements for social distancing.

- **Fast track project procurement and delivery:** The sector is open to improving the current P3 model through innovative proposals such as co-development agreements. Under this approach, the public owner selects the right team for the project using an accelerated RFP process that primarily focuses on qualifications, conceptual designs and a target budget. The goal of this collaborative approach is to arrive at a de-risked solution that is driven by certainty in outcomes — not speculative bidding. An effective co-development approach can deliver almost all of the advantages of a P3 without taking any longer than a conventional procurement.
- **Improve care options and standards for Canada's seniors:** The P3 sector remains committed to taking part in redesigning facilities to meet new enhanced standards of care expected as a result of this pandemic. There is an opportunity to be innovative in the approach to add thousands of new beds and to upgrade existing facilities and we welcome discussions on how the sector can contribute.
- **Support the needed legal, technical and financial advisory services for jurisdictions pursuing P3s:** Perhaps the largest barrier to jurisdictions pursuing a P3 procurement approach is obtaining the legal, technical, and advisory services needed to execute a successful P3. CCPPP proposes the government assist communities in accessing this needed expertise. There are a few ways in which this can be achieved:
 - The government could create a P3 Project Preparation Facility (PPF) that provides advisory services to municipalities, Indigenous communities, and provinces/territories. The PPF could be housed in a Crown agency or within Infrastructure Canada and would have the necessary in-house expertise to help communities through the process.
 - The federal government could create a Project Preparation Fund that would allow communities to access resources to hire financial, legal, and technical expertise from the private sector or other jurisdictions with these in-house services.
 - The federal government could allow soft costs to be included as eligible costs in its infrastructure programs.
- **Create a long-term, sustainable, and flexible infrastructure fund for Indigenous communities:** There are a number of barriers to building long-lasting, high quality infrastructure in Indigenous communities. Creating a long-term infrastructure plan:
 - Would allow funds to flow over multiple fiscal years would eliminate the unnecessary March 31st deadline that can delay projects on-reserve given the cash managed nature in which INAC currently funds infrastructure;
 - Make it easier for innovative financing and procurement approaches to be utilized as funding agreements could be spread over multi-years; and
 - Allow for a project pipeline to be built, which would attract more private sector interest and allow for the proper planning of projects.
- **Continue to examine new P3 opportunities and asset classes at the federal level:** The federal government owns many assets that are large in size and complex, which could utilize the P3

model. The government already has a strong track record of success using the P3 model but could tap more asset classes such as military infrastructure and energy.

- **Asset Recycling:** The Canadian government should consider reviewing its infrastructure asset portfolio to determine areas where it could leverage private sector capital by monetizing, selling or recycling assets. Any funds raised could be redeployed into developing the most urgent new greenfield infrastructure assets without further stressing the federal government's fiscal capacity.
- **Long-term municipal funding:** The current crisis has illuminated the weak state of municipal finances and the overreliance on property taxes as a long-term funding source. We urge the government to continue to allocate significant funding to provide short-term liquidity to municipalities, while also establishing longer-term predictable funding streams to help facilitate infrastructure planning.
- **Unite Canada with digital infrastructure:** The pandemic has demonstrated the importance of digital infrastructure and the need to accelerate its deployment in rural areas to address the digital divide. The Canadian government has already announced funding to bridge this digital divide and the Council is strongly in support of this work continuing.
- **Incentivize high speed internet upgrades in concert with major infrastructure projects:** Rather than install fibre optic cable post facto as cities often do at great additional expense, CCPPP proposes the government adopt a "dig once" policy that would see all major projects, particularly horizontal infrastructure such as light rail transit, lay fibre at the same time as construction.
- **Utility-related works:** Developing more robust, resilient utilities will greatly help Canadians at all times, particularly in times of crisis. These projects are quick, small, localized and necessary and will help drive lower carbon initiatives in tandem with increased investment in green infrastructure. The Canadian government is continuing to announce funding for water/wastewater projects, for example, across the country and the Council is strongly in support of this work continuing.
- **Increased support for skilled trades' development:** Pre-pandemic, key areas of Canada's construction industry were at capacity. It is clear we need to move jobs from the hard-hit service sector into trades and construction. We would encourage the government to provide additional funding for trades training and apprenticeships to support the construction industry, with particular emphasis on women and Indigenous communities.
- **Support a more ambitious education and capacity building program to enable more impactful infrastructure investment:** CCPPP dedicates a significant amount of its time and resources to expand the knowledge of federal, provincial, territorial, municipal and Indigenous public officials on the value and appropriateness of P3s and smart, innovative procurement options. In addition to helping governments obtain the legal, technical, and advisory services needed to execute a successful P3 through the proposed Project Preparation Facility, more is needed to help equip

officials to deal with the new environment for advancing and completing infrastructure projects, including tools to ensure on time, in-scope and on budget delivery. There is an urgent, largely unmet need for capacity building in the area of infrastructure delivery. This capacity needs to be in place if the government's support for infrastructure projects is going to realize its full potential and avoid expensive project shortcomings. The government should support the creation of an independent institute to provide the necessary training and development programs to enable sustainable infrastructure to be built that achieves the best outcomes for Canadians.