



ASSOCIATION OF CONSULTING
ENGINEERING COMPANIES | CANADA

ASSOCIATION DES FIRMES
D'INGÉNIEURS-CONSEILS | CANADA

Pre-Budget Consultations 2012

ACEC Submission to the Standing Committee on Finance

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

The Association of Consulting Engineering Companies – Canada (ACEC) recommends that the government follow through on its current commitment to a long-term infrastructure plan for Canada. According to the Conference Board of Canada: "... of all forms of government investment, infrastructure spending has the largest impact on economic growth. In fact, the Conference Board estimates that in an economy performing below potential, every dollar spent on infrastructure serves to increase Canada's real GDP by as much \$1.20." (*Lessons from the Recession and Financial Crisis*, Conference Board of Canada, 2010)

Recognizing the current need to balance much needed investment with current fiscal realities, a coordinated, well-planned, long-term approach is critical. To strengthen the economy and enhance Canada's competitiveness over the long-term, the infrastructure plan should include:

- A commitment to close and stabilize the infrastructure deficit over the long term;
- Realistic timetables that balance the long-term urgency of infrastructure investment with current fiscal pressures;
- Adoption of sound asset management practices to quantify the condition and remaining service life of existing infrastructure;
- Ongoing assessment of transportation, environmental, health and education infrastructure needs to accommodate the condition of current infrastructure, changing needs, adaptation to climate change, and population growth;
- A robust assessment and prioritization of projects and programs;
- Clearly defined roles and responsibilities for each level of government (needs assessment, planning, investment, operations and maintenance);
- A predictable infrastructure investment plan that will allow all level of government, public agencies and private firms to appropriately develop and allocate resources to plan, finance, design, construct and operate infrastructure projects;
- An annual evaluation of progress and return on investment.

ACEC applauds the government for its commitment to a long-term infrastructure plan for Canada. ACEC has called for the establishment of just such a plan for many years. The nature of infrastructure investments is very long term and requires planning that reaches into decades and not just years.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

Infrastructure investments enable economic growth and job creation in periods of recession and in periods of expansion. In an increasingly competitive global economy and in the context of modest growth for advanced economies, infrastructure renewal represents the very best combination of job creation and competitiveness enhancement. Further, prudent infrastructure investments can also make Canada more resistant to future economic downturns. The Conference Board of Canada's conclusion that of all fiscal stimulus measures, infrastructure investment has had the largest impact on economic growth, not only validates the government's stimulus spending on infrastructure, but also demonstrates the ongoing value of infrastructure investment to Canada's economic health and prosperity.

Also, a national, long-term infrastructure investment plan can create quality sustainable jobs in multiple sectors including Canada's design, technology and construction industries. However, sporadic, time-limited infrastructure programs create uncertainty and will make it difficult to retain skilled jobs or develop Canadian industries. A national, long-term infrastructure investment plan will continue to support the creation of quality sustainable jobs across the country. It will also allow for capacity building to meet the long term needs of Canadians and to participate in international markets.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

Any policy that increases the competitiveness of the Canadian economy will help the country deal with the demographic challenges we are facing. Demographic trends are one of the few economic variables that can be predicted with precision far into the future. As such, we have a very accurate picture of what our demographics will look like in 10, 20, 30 years and beyond. This means we can prepare for demographic challenges with uncommon foresight.

The only way to meet our demographic challenges is to ensure that our economy can generate sufficient wealth over the coming decades to support future generations. Infrastructure investments represent the most effective way in which governments can increase the competitiveness of the economy and its long-term growth potential.

One significant challenge that will need to be addressed through the long-term infrastructure plan is the trend of our population shifting from rural to urban centres. In many parts of rural Canada, municipalities with shrinking/aging populations will find it challenging to adequately invest in infrastructure as their tax bases erode. Many of these rural communities have been challenged with their access to infrastructure programs and funds.

Investing in long-term infrastructure renewal will help lay the foundation for the economy that we will need in the future to tackle the demographic challenges that we know with certainty are coming. In light of immediate fiscal constraints, our ability to meet the national demand for infrastructure will require long-term planning.

With respect to capacity building, reciprocity and/or comity with other jurisdictions may be beneficial to the consulting engineering sector in terms of recruiting engineers and other specialists. We support mobility in principle and welcome improvements to the assessment and recognition of credentials. We do not object to local licensing requirements that are reasonable and applied fairly to all applicants. However, based on our experience with the New West Partnership Trade Agreement, we cannot support any agreements that encourage the procurement of professional services in the same manner as commodities as this would compromise quality of service and result in greater risk and cost to taxpayers.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

There have been a number of reports in recent years attempting to assess the magnitude of Canada's infrastructure needs based on a variety of criteria. Most of these are well known to Infrastructure Canada.

However, the recent 2010 study *Public Infrastructure Underinvestment: The Risk to Canada's Economic Growth* commissioned by the Residential and Civil Construction Alliance of Ontario (RCCAO) directly deals with the issue of productivity.

The RCCAO study is noteworthy because it directly addresses the consequences of infrastructure underinvestment and the significant costs to the Canadian economy. The impact of infrastructure upon our lives is often unrecognized and largely taken for granted. Similarly, the consequences of underinvestment are often gradual and not immediately recognizable. The RCCAO study predicts that public infrastructure underinvestment will cost the Canadian economy 1.1% of real GDP growth annually over the next fifty years and reduce the long-term profitability of Canadian businesses by an average of 20%. A national, long-term infrastructure investment strategy can eliminate the economic costs of infrastructure underinvestment and promote a sustained economic recovery in Canada.