



ASSOCIATION OF CONSULTING
ENGINEERING COMPANIES | CANADA

ASSOCIATION DES FIRMES
DE GÉNIE-CONSEIL | CANADA

Submission to the Minister of Finance

Stronger Communities for All Canadians: Delivering Sustainable Infrastructure, Building Capacity, and Reforming Procurement

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Recommendations

The Association of Consulting Engineering Companies – Canada (ACEC-Canada) supports the government’s ongoing efforts to protect and preserve the environment and to create prosperity and opportunity through infrastructure investments. We offer the following recommendations to successfully achieve these goals in an effective and sustainable manner:

1. Provide funding to establish the National Infrastructure Assessment (NIA) as quickly as possible, as well as a permanent and arms-length National Infrastructure Agency responsible for overseeing its progress.
2. Invest \$2 million per year over the next five years to create a centralized, municipal capacity-building program.
3. Reform procurement of engineering and architectural services to achieve Canada’s environmental and economic goals.

Introduction

Right now, Canadians and their families are facing some major challenges—from global economic uncertainty and worsening climate change disasters, to record inflation and soaring costs of living.

Combatting these vast and complex problems requires ambitious action on all fronts. We need to boost innovation, build resilient communities, and strengthen industries that contribute to a net-zero economy—all while creating opportunities for Canadians to succeed.

As the national voice of consulting engineering companies, ACEC-Canada strongly believes that delivering sustainable and long-lasting infrastructure that benefits all Canadians is essential to driving this vision forward. People of all ages, businesses of all sizes, and entire industries rely on infrastructure every single day. And as we all know, infrastructure doesn't just create jobs and opportunities for Canadians from day one; it helps us reach our climate goals, grows the economy, improves quality of life, and strengthens communities for decades to come.

To that end, ACEC-Canada is putting forward the following three recommendations that are not only realistic and achievable but would also make a huge difference in the lives of Canadians and help the federal government achieve its economic and sustainability objectives.

Implementing the National Infrastructure Assessment

First, we applaud the government for committing to the swift implementation of the National Infrastructure Assessment (NIA). Establishing a long-term vision for Canada's local, regional, and national infrastructure needs will result in smarter decision-making, allowing us to build prosperous, future-proof communities. That's why **we recommend that Budget 2023** provides funding to establish the NIA as quickly as possible, as well as a permanent and arms-length National Infrastructure Agency responsible for overseeing its progress. This Agency would provide regular updates and monitoring, serving as a repository of best practices and industry expertise. Parliament would remain responsible for the design and funding of infrastructure programs, and this independent Agency would ensure that public policy is informed by reliable data and objective measurement of the NIA's progress.

While the NIA will ultimately provide us with a clear vision for how best to design and revitalize this country's infrastructure, we must simultaneously ensure that our communities are able to put these plans into action. To do that, there are two things that the government can do right now: build up local capacity and reform procurement.

Building Municipal Capacity

Let's consider capacity building. When it comes to encouraging smarter infrastructure decisions that grow the economy and promote sustainability, building capacity in communities and along supply chains is key. While the federal government plays a necessary role in investing in infrastructure, the municipal sector owns and operates over 60% of Canada's infrastructure assets. And yet, local and Indigenous leaders often struggle to deliver the projects their communities need due to insufficient

capacity and resources. If they had access to a “one-window” knowledge hub with industry data, resources, and best practices, communities would be able to make better decisions on infrastructure investments. That’s why **our second recommendation for Budget 2023** is that the government create this kind of centralized, municipal capacity-building program. We propose a \$2 million investment per year over the next five years at Infrastructure Canada and the National Research Council to engage stakeholders, review existing data resources, identify gaps in knowledge, and design a program to provide access to consolidated information for municipalities and Indigenous communities across Canada.

The good news is that a similar program has proven to be quite successful, and the government could choose to revive it instead of starting from scratch. Introduced in 2001 by Infrastructure Canada, the National Research Council, and the Federation of Canadian Municipalities, the National Guide to Sustainable Municipal Infrastructure (InfraGuide) gave municipalities access to valuable capacity—building resources until its funding was unfortunately cancelled in 2008. In addition to helping local leaders deliver infrastructure for their communities, reviving InfraGuide—or developing a comparable new program—would give them the capacity to reduce emissions more effectively and enhance infrastructure longevity. The government has acknowledged the need for improvement in this regard; we welcomed the National Research Council’s recent survey of infrastructure owners, managers, and experts about how to improve the life-cycle of infrastructure assets, and we have encouraged our membership to respond.

Reforming Procurement to Achieve Climate and Economic Goals

To ensure we can build capacity and secure a strong future for our communities, **our third recommendation for Budget 2023** is that the government reform procurement for engineering and architectural services. These services account for just 1%-2% of total costs over an infrastructure asset’s life-cycle, yet they dramatically impact all aspects of the financial and operational success of that asset for decades.¹ We’ve seen the consequences of the “low bid” procurement approach far too often; whether it’s transit system breakdowns or crumbling community buildings, these failures not only result in delays and cost overruns but also leave Canadians without the services they need. Important policy objectives such as reducing GHGs, adapting to climate change and improving resiliency require a life-cycle approach to projects.

ACEC-Canada strongly believes that the most effective and cost-efficient procurement model is a life-cycle approach known as Qualifications-Based Selection (QBS)—a proven approach that promotes innovation, improves sustainability, reduces life-cycle costs, and sets up communities for long-term success. Multiple studies over many years demonstrate that it’s the qualifications that best meet the needs of the project—not the lowest price—that lead to better financial, environmental, and social outcomes. QBS has been mandated by law and utilized successfully in the United States since the 1970s and more recently in Calgary and at the provincial level in Quebec. Public Services

¹ *National Guide to Sustainable Municipal Infrastructure: Selecting a Professional Consultant* (Federation of Canadian Municipalities and National Research Council, 2006)

and Procurement Canada (PSPC) has used QBS on a pilot basis for five engineering and architecture projects and ACEC-Canada recommends that the pilot be expanded and that QBS be adopted across government.

With QBS, the federal government would be guaranteed that the team most qualified for each project would design and deliver the infrastructure and provide other professional services needed by our communities. By rewarding the best proposals and most creative solutions, QBS fosters innovation. It also supports sustainability by ensuring the most efficient use of resources and by building projects that are more resilient to the adverse effects of climate change. Higher quality, more durable, and longer-lasting infrastructure means significant life-cycle cost savings and the best return on investment. And with less time needed to fix old assets, local and Indigenous governments have more capacity to focus on exciting new projects for their communities. Adopting QBS would reform procurement to be better aligned with the government's goals, while also allowing government to deliver essential infrastructure that benefits all Canadians.

We envision a future in which innovation flourishes, our net-zero economy thrives, and all Canadians can succeed. To get there, we need to build faster and smarter, prioritizing infrastructure that lasts—our recommendations for Budget 2023 will make it possible to do just that. Together, let's make it happen.

About ACEC-Canada

ACEC-Canada is the national voice of over 400 companies that provide engineering and other professional services to both public and private sector clients across Canada and the world. Our members, who range from employee-owned small businesses to some of the largest engineering companies in the world, collectively employ over 60,000 Canadians. Consulting engineers are Canada's trusted advisors that are at the forefront in designing and building a more prosperous, sustainable Canada.