



ASSOCIATION OF CONSULTING
ENGINEERING COMPANIES | CANADA

ASSOCIATION DES FIRMES
DE GÉNIE-CONSEIL | CANADA

Pre-Budget Consultations in Advance of the 2021 Budget
**Infrastructure:
Smart investments for a stable and prosperous
recovery**

Submitted by:
Association of Consulting Engineering Companies | Canada

Summary of Recommendations

1. **Prioritize investments that will close the infrastructure deficit and enable economic prosperity, productivity and a stable recovery.**
2. **Adopt best practices that achieve sustainability, innovation and life cycle savings from infrastructure investments.**
3. **Reinstate and reenergize the *National Guide to Sustainable Municipal Infrastructure*.**

Introduction

Public infrastructure is a core business of government that is vital to Canada's prosperity and economic stability, at all times and especially with the uncertainty of COVID-19. Investing in infrastructure grows our economy, strengthens and connects our communities and protects our environment. As Canada looks ahead to rebuild our economy from the impacts of the pandemic, governments can know that investing in infrastructure will generate a strong return on investment with numerous studies demonstrating the link between infrastructure investment and economic performance. For instance, the **Public Policy Forum** finds that for every dollar governments invest in infrastructure, they can expect an investment of two to four dollars in return. In order to maximize the impact that infrastructure can have in Canada's economic recovery, the federal government's commitment to infrastructure investments must be strategic, predictable and ongoing; this will ensure infrastructure projects remain on track despite lockdowns or potential future outbreaks of COVID-19. Since 2006, infrastructure investment in Canada has averaged 3.4% of GDP which is up from 2.5% from 2001-2006. However, even with recent government programs and initiatives, investments are significantly lower than the 6% of GDP in the 1950s and 1960s.

The Association of Consulting Engineering Companies – Canada (ACEC-Canada) applauds the federal government's historic funding commitments to infrastructure. Our sector can play the ready it is ready to play in building back a stronger, more resilient Canada from this crisis. However, for our sector to play this important role it is critical that the federal government accelerate the delivery of infrastructure investments to ensure that they can have their maximum impact in stimulating the economy, creating jobs and improving Canadian communities.

Infrastructure: Smart investments for a stable and prosperous recovery

1. Prioritize investments that will close the infrastructure deficit and enable economic prosperity and a stable recovery.

ACEC– Canada believes that infrastructure can be an effective investment in our social, environmental, and economic quality of life, which is more important than ever as we work to recover from the COVID-19 crisis. This means both ensuring that federal and the provincial approvals are harmonized to reduce delays and leveraging infrastructure investments to stimulate the economy, create immediate jobs and improve communities from coast to coast to coast.

The federal government's *Investing in Canada Plan* appropriately seeks to leverage infrastructure investments to improve communities and create opportunities for more Canadians over the long-term. In light of the impact of COVID-19 on the economy, the plan should allow additional flexibility for project selection and give immediate priority to core infrastructure that grows the economy, creates jobs and reinvigorates local communities. While ACEC-Canada is supportive of the government's commitments to transformative infrastructure projects, including those focused on sustainability and green infrastructure, the focus on core infrastructure cannot be lost. Supporting core infrastructure will also provide the economic capacity to invest in long-term, transformative projects while providing needed support to small communities that often most need it. Investing in core infrastructure to help Canada build back better also presents an opportunity to eliminate the infrastructure deficit, noted as recently as 2019 in the ***Canadian Infrastructure Report Card***. Growing the economy will be essential to making further investments in community and social infrastructure more viable in the long-term and ensuring the design and construction sector remains stable should future outbreaks occur in the shorter-term.

To this end, examples of investments that the federal government should consider include those recommended by the Canadian Chamber of Commerce in its 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 their 2010 report ***Lessons from the Recession and Financial Crisis***, the Conference Board of Canada found that every dollar spent on infrastructure has the potential to increase GDP by as much as \$1.20. By contrast, the Residential and Civil Construction Alliance of

Ontario notes in their report ***Public Infrastructure Underinvestment: The Risk to Canada's Economic Growth***, that 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%. Smart infrastructure investments will have the greatest impact in generating growth as Canadian businesses and communities position themselves for the economic recovery.

The Parliamentary Budget Officer has reported that Canada has fallen just short of its projections for the *Investing in Canada Plan*, with a \$2 billion deficit in project expenditure. It is critical that government ensure funds are flowing and ACEC-Canada strongly recommends advancing some investments from later years of the plan and introducing them into the economy sooner so as to stimulate the recovery. Currently, the profile of the *Investing in Canada Plan* and many legacy programs are backend loaded with most of the investments occurring in the last years of those programs. It would be fiscally prudent and practical to advance 5-10% of the investments from the last years of the plan into the 2021-2022 and 2022-2023 fiscal years.

For projects to move forward in a timely manner, it is important that proponents of major projects in both the public and private sector have confidence in 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 as well as delaying societal and environmental benefits of projects. The impact of regulatory uncertainty and delays will be especially acute as Canada navigates the COVID-19 crisis and could potentially delay the economic recovery.

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.

ACEC-Canada recommends that the government work with stakeholders to review the processes for funding and approving projects to identify opportunities for clarity and efficiency, thus making Canada attractive to domestic and foreign proponents by reducing delays and investment costs.

Canada's consulting engineering firms are ready and eager to play a key role in building back a better Canada. By harmonizing approvals and advancing infrastructure funding in the *Investing in Canada Plan* and other legacy programs, the federal government is leveraging existing funding investments to stimulate the economy at a time when this stimulus is especially needed to help Canada recover from the impacts of the pandemic. Accelerating these project approvals and commitments will also contribute the federal government's goal of creating one million jobs and generate lasting community assets, improving the quality of life for all Canadians.

2. Adopt best practices that achieve sustainability, innovation and life cycle savings from infrastructure investments.

Supporting Canada's infrastructure represents a substantial 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 infrastructure projects and 1%-2% of total costs over the asset's life cycle. Yet these services dramatically impact all aspects of the financial and operational success of infrastructure for decades.

In order to ensure optimum outcomes and value to taxpayers, best practices to achieve sustainability, innovation and life cycle savings should be leveraged in Canada's infrastructure investments. These best practices include [Envision](#) for

sustainable infrastructure development and Qualifications-Based Selection (QBS) for the procurement of engineering and other professional services.

In alignment with the federal government's goals to develop sustainable infrastructure, ACEC-Canada recommends that the federal government explore mandating Envision for federal infrastructure projects. Envision is a rating system and best practice developed by the [Institute for Sustainable Infrastructure \(ISI\)](#) for implementing sustainability into infrastructure projects. The framework measures the sustainability of a project from design through to construction and maintenance. It can be used by infrastructure owners, design teams, community groups, environmental organizations, constructors, regulators, and policy makers to meet sustainability goals and gain public recognition for high levels of achievement in sustainability. Envision also serves as a check for communities and project teams to discuss if a project is on the right track, make decisions about the investment of scarce resources, and include community priorities in civil infrastructure projects.

Envision, which originated in the United States, has emerged as one of the leading tools for sustainable infrastructure development and is gaining traction in Canada. Utilizing Envision would support the federal government's goals on sustainability while ensuring that assessments are conducted efficiently through a clear framework with proven success. Implementing Envision could also be an effective alternative to the carbon screening of projects during funding applications; it can achieve more sustainable infrastructure and timely project approvals.

QBS is recommended by the **InfraGuide: 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](#). QBS focuses 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. 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.

Public Services and Procurement Canada (PSPC), with the support of ACEC, implemented a small-scale QBS pilot project in 2018. The pilot has utilized QBS in the procurement of engineering services for four different government projects and continues to identify projects that would benefit from this procurement practice. ACEC encourages the federal government to expand the breadth and scope of this pilot project to large scale infrastructure projects to ensure the highest possible value and outcome of these projects.

3. Reinstate the *National Guide to Sustainable Municipal Infrastructure*.

The above-referenced [National Guide to Sustainable Municipal Infrastructure](#), also known as *InfraGuide*, was developed by the public sector for the public sector. *InfraGuide* operated from 2001 to 2008 as a partnership between the Federation of Canadian Municipalities, the National Research Council and Infrastructure Canada. *InfraGuide's* national network of public and private sector experts from across the stakeholder community produced a collection of case studies, best practice reports and e-learning tools for sustainable municipal infrastructure - offering the best in Canadian experience and knowledge. Interestingly, *InfraGuide* is entirely aligned with current federal government policy regarding the social, economic and environmental benefits of their strategic infrastructure investments. Therefore, ACEC recommends that it would be timely to reinstate this program, or create a comparable program, to provide resources, tools and capacity building opportunities to municipalities, public agencies and stakeholders.

For nearly a decade, *InfraGuide* provided municipalities with a collection of over 50 best practices and other tools to better inform staff and decision-makers on infrastructure management and investment. However, just over ten years ago, this initiative was shelved as a cost-savings measure, despite government and industry-wide reliance on its common lexicon and guiding principles. While the materials still exist, the information should be updated, made more readily available and promoted to provide people making infrastructure decisions with the best possible information on asset management.

InfraGuide was a collaborative effort that engaged municipal leaders, federal technical advisors and industry experts in laying the groundwork for investment planning. Project scopes included municipal priorities that remain critical for the decades ahead as Canada continues to urbanize and public projects anticipate some of our greatest challenges.

Updating and promoting *InfraGuide* will help municipalities and their stakeholders to deliver infrastructure that achieves local and federal government needs and objectives. Previously, the National Research Council served as the secretariat for this initiative, and we believe that role should be revived. We estimate that starting up the program, updating key documents, and facilitating stakeholder engagement will cost \$2 million per year over the next five years. The benefits of this renewal will be a more efficient delivery of federal infrastructure investments spurred by improved resources for municipalities looking to remediate and deliver new community assets.

Conclusion

ACEC-Canada is pleased to have the opportunity to submit these recommendations as the Government of Canada develops Budget 2021. We know that this year's budget will be focus on growing the Canadian economy and laying the groundwork to build back better from this crisis. Prioritizing investments in core infrastructure, adopting best practices for sustainable and innovative infrastructure, and reinvigorating the *National Guide to Sustainable Municipal Infrastructure*, would support Canada's economic recovery while investing in a stronger future for our communities and families.

ACEC-Canada looks forward to continued collaboration with the Government of Canada. We are available to convene industry leaders to provide expertise and feedback on government initiatives and will continue to support the Construction Roundtable, participate in consultations on new programs and initiatives, and work to support a successful economic recovery from this crisis.