



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 enable economic prosperity, productivity and a stable recovery
2. Use procurement best practices for quality, innovation and long-term life-cycle savings
3. Reinstate the *National Guide to Sustainable Municipal Infrastructure*
4. Harmonize federal and provincial approvals to reduce delays and provide clarity
5. Implement a national corridor to accommodate multiple infrastructure assets

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.
- 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 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, 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.

Infrastructure: Smart investments for a stable and prosperous recovery

1. Prioritize investments that enable economic prosperity and a stable recovery

The Association of Consulting Engineering Companies – Canada believes that infrastructure can be an effective investment in our social and economic quality of life, more so now as we work to recover from the COVID-19 crisis. 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. However, 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. 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. It has been found 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%. Smart infrastructure investments will have the greatest impact in generating growth as Canadian businesses and communities position themselves for the economic recovery.

Recently, the Parliamentary Budget Officer reported that Canada has fallen just short of its projections for the *Investing in Canada Plan*, with a \$2 billion deficit in project expenditure. At this time, it is critical that government ensure funds are flowing and ACEC 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* is backend loaded with the majority of the investments occurring in the last years of the program. 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.

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

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 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 **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 4 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.

4. Harmonize federal and provincial approvals to reduce delays and provide clarity

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 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.

5. Implement a national corridor to accommodate multiple infrastructure assets

In light of COVID-19, procurement, supply chains and transportation of goods have become areas of increased focus for Canadians’ decision making. More than ever, Canadians recognize that these processes enable economic stability and public health. Planning is vital to ensure consistent delivery to Canadians, and the same is true for infrastructure projects. A National Corridor is the best way to plan for consistent delivery of significant, inter-jurisdictional infrastructure projects. It is not a physical asset, but rather a pre-determined route based upon sound planning and environmental considerations made in advance by federal, provincial, municipal and Indigenous governments for the implementation of large-scale infrastructure projects.

A corridor would make it easier and more economically and environmentally viable to connect northern and remote communities to vital infrastructure that improves quality of life while increasing growth. Our fragmented and uncoordinated approach is currently delaying and discouraging projects that could otherwise provide market access for Canadian products, allow movement of goods and services, provide energy to communities and markets, and otherwise grow the economy of regions across Canada.

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 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.

In 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 a corridor is a pre-established passage dedicated to accommodating multiple infrastructure assets, including road, rail, power, pipeline and communication projects. The Senate report drew upon a 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.

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.