



ASSOCIATION OF CONSULTING
ENGINEERING COMPANIES | CANADA

ASSOCIATION DES FIRMES
D'INGÉNIEURS-CONSEILS | CANADA

Federal Budget Consultation: Submission to the Standing Committee on Finance February 2016

On behalf of the Association of Consulting Engineering Companies-Canada (ACEC), thank you for the opportunity to participate in the pre-budget consultations. ACEC is the national voice of consulting engineering companies in Canada on public policy, business and regulatory issues. ACEC represents over 400 companies across Canada, collectively employing 70,000 Canadians that provide professional engineering services to both public and private sector clients. These services include the planning, design and execution of all types of engineering projects as well as providing independent advice and expertise in a wide range of engineering and scientific-related fields.

Our submission follows and is organized to reflect the questions and the format of the public consultations conducted through the Department of Finance website.

For your reference and convenience, our submission also contains hyperlinks to each of the references that we have cited. Furthermore, ACEC has numerous resources on infrastructure and the need for significant, long term strategic investments at www.InvestInfrastructure.ca.

We are pleased to be of assistance and would be happy to answer any questions or provide any further information you require.

Regards,

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1. In your opinion, how can we best support our middle class?

The government can best support the middle class by ensuring a strong job market and a thriving economy. All Canadians, including the middle class, benefit from a strong economy that provides opportunities and enhances our quality of life.

Infrastructure is integral to strong communities because it:

- enables economic activity;
- connects people and communities;
- protects public health and safety; and
- protects the environment.

We agree with the government that infrastructure investments are especially effective since they create significant economic benefits in the short term and strengthen our entire economy over the medium and long term. Not only do infrastructure investments create skilled jobs and develop expertise across the design and construction sectors, but more importantly, they create long term prosperity and jobs in all sectors, making the economy more resistant to future downturns.

Therefore, the Association of Consulting Engineering Companies-Canada (ACEC) recommends that the three levels of government (federal, provincial and municipal) work collectively towards a long term goal of restoring infrastructure investment to 6% of GDP. Such an ambitious goal will require the commitment and participation of all three levels of government, as well as the private sector; but leadership by the federal government and a collaborative vision are critical.

2. What infrastructure needs can best help grow the economy, protect our environment and meet your priorities locally?

Study after study demonstrates a link between infrastructure investment and economic performance; infrastructure investment grows the economy, strengthens communities and protects the environment. Furthermore, public infrastructure is a core business of government and vital to Canada's prosperity. Infrastructure enhances the economic, social and environmental quality of life of all Canadians.

Commitments to core infrastructure investments must be part of a strategic, long-term and predictable plan in order to provide the best value and return on those investments to Canadians. Commitments to community and green infrastructure are also sound investments, but will require significant strategic investments in core infrastructure that generates sufficient economic activity in order to make green and community investments viable in the long term.

Infrastructure has a direct impact in preserving the environment, such as in the case of water/wastewater treatment, storm water management, solid waste management, and similar investments. It also has a direct impact through conservation and economic efficiencies, such as in the case of transit, reducing traffic congestion, renewable energy and sustainable design and construction practices. ACEC published a report on such practices in 2014 entitled [*Sustainable Development for Canadian Consulting Engineers*](#).

In order to ensure that local priorities are met and investments yield the best return, the federal government should encourage and help create capacity for asset management for municipalities. Asset management plans allow municipalities to understand the state of their existing infrastructure assets, reliably project their infrastructure needs, and make strategic investments. Municipalities with sound asset management plans could be afforded more autonomy in making investment decisions. One means of creating capacity in the municipal sector is for the federal government to reinstate the *National Guide for Sustainable Municipal Infrastructure*, a collaboration of the National Research Council,

Infrastructure Canada, the Canadian Public Works Association and the Federation of Canadian Municipalities. This program was extremely successful in helping municipalities, in collaboration with their public and private sector partners, to develop and share best practices.

Additionally, infrastructure is required to improve the ability to develop Canada's natural resources in northern and remote areas and transport our resources to market. Not only will this strengthen Canada's economy, create skilled jobs and develop expertise in responsible resource development, it will also help create an economic critical mass that will make community infrastructure in the North more viable. [*Levelling the Playing Field: Supporting Mineral Exploration and Mining in Remote and Northern Canada*](#), a study by ACEC; the Mining Association of Canada; the Prospectors and Developers Association of Canada; *et al.* (2015) has specific recommendations to encourage new investment by Canada's resource sector.

3. How can we create economic growth, protect the environment and meet local priorities while ensuring that the most vulnerable don't get left behind?

Infrastructure is an investment in our social, economic and environmental quality of life. Core infrastructure grows the economy, creates jobs and expands the tax base. Furthermore, through growing the economy, core infrastructure that will make investments in community and green infrastructure viable and sustainable in the long term.

By contrast, the current infrastructure deficit reduces economic efficiencies for both the public and private sectors. In fact, 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% according to [*Public Infrastructure Underinvestment: The Risk to Canada's Economic Growth*](#) by the Residential and Civil Construction Alliance of Ontario (2010). On the other hand, sufficient, up-to-date and well maintained infrastructure creates wealth. In its 2010 report [*Lessons From the Recession and Financial Crisis*](#), the Conference Board of Canada concluded that every dollar spent on infrastructure has the potential to increase GDP by as much as \$1.20.

4. Finally, is the implementation of these new priorities and initiatives realistic? Will it help us grow our economy?

The government has a responsibility to improve infrastructure at the federal, provincial and municipal level to protect all Canadians. To ensure successful infrastructure investments, ACEC and other stakeholders are pleased to offer their expertise and support to the government so that the design and implementation of infrastructure programs are effective, efficient and transparent.

While running a perpetual deficit is not a preferable course of action, the return on infrastructure investments has been proven to create jobs and prosperity making short term deficits and responsible debt management a realistic option. In its 2010 report [*Lessons From the Recession and Financial Crisis*](#), the Conference Board of Canada also concluded that of all stimulus measures, infrastructure investments are the most effective.

The success of infrastructure investments will require the commitment to work with stakeholders, and to create and execute a strategic, long-term, predictable plan in order to provide the best value and return on investments to Canadians. Long-term predictable infrastructure investment allows all levels of government and the private sector to invest and develop the human and technical resources necessary to plan, finance, design, construct and operate infrastructure projects.

Modern and progressive procurement practices, especially for design professionals, will also contribute to the success of infrastructure investments by ensuring successful high quality projects with increased service life and significant life-cycle savings over the project the service life. The [*Best*](#)

[Practice: Selecting a Professional Consultant](#) by the National Guide to Sustainable Municipal Infrastructure (Federation of Canadian Municipalities, National Research Council, *et al.*) recommends Qualifications-Based Selection (QBS) for procuring professional services for infrastructure development. This best practice was developed by the public sector for the public sector and endorsed by ACEC. For the past 35 years, agencies that receive funding from the United States federal government are required by federal law to use QBS in the procurement of engineers in order to protect and leverage the investment of tax dollars.