



ASSOCIATION OF CONSULTING
ENGINEERING COMPANIES | CANADA

ASSOCIATION DES FIRMES
DE GÉNIE-CONSEIL | CANADA

STRONG GOVERNANCE TO ACHIEVE CANADA'S VISION:

ACEC Submission to the National Infrastructure
Assessment Consultation



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Summary of Recommendations

Governance of the National Infrastructure Assessment

- ACEC recommends that a permanent, independent, and arms-length National Infrastructure Agency be established to house and support the Assessment. This model would benefit the Assessment and serve as a larger repository of best practices and industry expertise.
- ACEC recommends that when making appointments for the Agency's leadership, the Minister should strive for diversity and inclusion to ensure a balanced board.
- ACEC recommends the creation of thematic working groups that can provide expert insight into key areas of development, to compliment the Agency's leadership. ACEC welcomes the opportunity to join the Agency's leadership, working groups or assist in the process of identifying stakeholders for consideration.

Mandate and Scope of the Assessment

- ACEC recommends that this Agency be provided with a mandate that outlines clear responsibilities to the National Infrastructure Assessment. These responsibilities should be executed on a cyclical basis and should include development, regular updates, monitoring, and progress reports on the Assessment.
- ACEC recommends that the scope of the Assessment include a vision for the next 30 years of infrastructure, a review of the current state of Canada's infrastructure, a clear roadmap forward for the next 10 years, and a consistent cycle of evaluation and improvement to ensure that the Assessment continues to support Canada's infrastructure goals for 2050 and beyond.

Stakeholder Engagement

- ACEC recommends that the National Infrastructure Assessment be developed with broad stakeholder engagement and involvement from industry, municipalities, Indigenous communities and civil society. Part of this engagement would be achieved through the composition of the National Infrastructure Agency however, ensuring the involvement and participation of those who are not on the Agency itself will also be critical to ensuring that all the appropriate stakeholders are engaged.



Executive Summary

Throughout Canada's history, connective infrastructure has brought our communities together and linked people from across the country. Despite the strong foundations of these investments, in the last few decades Canada has fallen behind towards ensuring a consistent flow of core infrastructure. As we continue to battle the COVID-19 pandemic, this unique moment offers us an opportunity to fundamentally shift our perspective, priorities and how we look towards the future. How we envision the future of our infrastructure, and the Canada we want to build in 2050, must be a part of this shift.

The federal government's development of Canada's first-ever National Infrastructure Assessment a timely, critical and laudable initiative. As the national voice of consulting engineering firms in Canada, the Association of Consulting Engineering Companies – Canada (ACEC), is pleased to provide feedback on the initial development of the National Infrastructure Assessment. Consulting engineering companies are directly involved on the ground in the delivery of infrastructure projects and know that these projects, along with a long-term vision for the environment and the economy through the National Infrastructure Assessment, are essential to Canada's prosperity and economic stability.

As the government looks to best position the National Infrastructure Assessment for success, ACEC has focused our feedback on developing an economic and environmental vision to guide the Assessment and considerations related to its governance, mandate, scope and stakeholder engagement. ACEC believes that a vision for Canada's environment and the economy go hand in hand. Launching the National Infrastructure Assessment within this vision will establish the Assessment as a central tool for improving infrastructure and improving the social, environmental, and economic quality of life of all Canadians. Part of achieving this vision from the outset will be developing an Assessment with the proper governance structure.

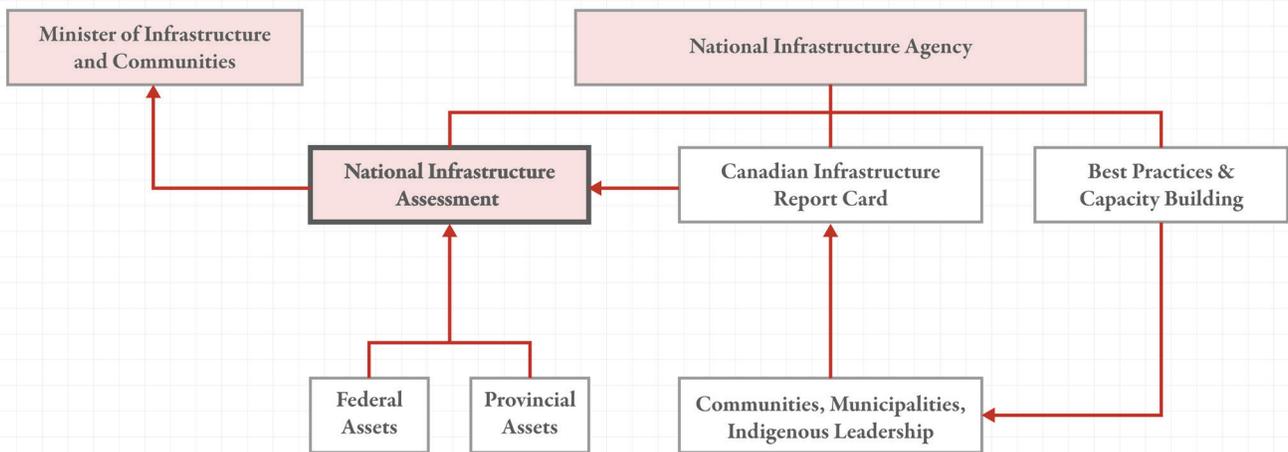
- In learning from other jurisdictions, ACEC is recommending the establishment of a permanent, independent, and arms-length National Infrastructure Agency that would house and support the Assessment. This model would benefit not only the Assessment but could also serve as a larger repository of best practices and industry expertise. This Agency should also be provided with a mandate that outlines clear responsibilities to the National Infrastructure Assessment. These responsibilities should be ongoing on a cyclical basis to include development, regular updates, monitoring, and progress reports on the Assessment.
- Understanding a shared goal of the Assessment to map out the Canada we want to build in 2050, it is certain that this initiative will require a carefully considered scope. To support the Agency in fulfilling their mandate, the scope of the Assessment should include a vision for the next 30 years of infrastructure, a review of the current state of Canada's infrastructure, a clear roadmap forward for the next 10 years, and a consistent cycle of evaluation and improvement to ensure that the Assessment continues to support Canada's infrastructure goals for 2050 and beyond.
- Finally, developing this long-term vision and plan for Canada's infrastructure will require broad stakeholder engagement with involvement from industry, municipalities, Indigenous communities and civil society. Part of this engagement would be achieved through the composition of the National Infrastructure Agency however, ensuring the involvement and participation of those who are not on the Agency itself will also be critical to ensuring that all the appropriate stakeholders are engaged in the Assessment.

Introduction

ACEC applauds the federal government's announcement to develop a National Infrastructure Assessment. Public infrastructure is vital to Canada's prosperity and economic stability especially with the uncertainty of COVID-19. Investing in the right infrastructure grows our economy, strengthens and connects our communities and protects our environment. As Canada looks ahead to rebuild from the impacts of the pandemic, governments can know that well-designed and well-executed infrastructure can generate a strong return on investment, as demonstrated in numerous studies linking infrastructure investments and economic performance.

To ensure Canada remains competitive in the post-COVID economy, it is critical to allocate adequate resources towards developing core infrastructure over the long term. Since the 1960s, Canada has seen a consistent decline of infrastructure investments, when 2-3% of GDP was formerly invested every year. Even at the upper end of this range, Canada's annual infrastructure budget is still significantly less than that of other nations which can be as high as 6-7% of GDP. There is an urgent need to return to an adequate annual infrastructure budget to keep pace with our global counterparts.

Canada's National Infrastructure Assessment must take an in-depth look at the state of infrastructure to understand and articulate where we are in terms of our infrastructure assets, where we would like to be and then develop a clear road map to reach these goals. Each of these stages should be regularly reviewed and reported on to ensure consistency and efficiency.



ACEC strongly recommends that the federal government create an independent body to conduct, assess and monitor progress, similar to the National Infrastructure Assessment in the UK, which is under the umbrella of a National Infrastructure Agency.

ACEC looks forward to collaborating with the government to develop a National Infrastructure Assessment that bolsters economic growth, supports future prosperity, and fulfills a strategic environmental and economic vision for Canada.

An Environmental and Economic Vision for Canada

ACEC believes that infrastructure is 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 leveraging infrastructure investments to stimulate the economy, create immediate jobs and improve communities from coast to coast to coast.

For the National Infrastructure Agency and accompanying Assessment to succeed, it is imperative to develop a clear economic vision for long-term prosperity. Much like the concrete goals for climate change and transformational social policy, Canada should develop and implement targets to achieve a vision of the environment and the economy, with infrastructure playing a key role. Therefore, the National Infrastructure Assessment needs to consider not only community-focused public infrastructure but also infrastructure that makes Canada attractive to private sector proponents in industries and sectors critical to a sustainable and prosperous future. Environmental and economic visions can and must be mutually supportive. For example, well considered investments in public infrastructure can incentivize the extractive resource industries to make investments in their Canadian operations, allowing Canada to be a global supplier to the world's high-tech and renewable energy sectors. This approach would also address resource and capacity issues to ensure Canada's future is built on world-class, state-of-the-art infrastructure.

Encompassed in this vision for the environment and the economy should be a balanced approach to investing in transformative infrastructure projects, including those focused on sustainability and green infrastructure, while also providing consistent support for traditional core infrastructure. Striking this balance by reliably investing in core infrastructure will provide the economic capacity to invest in long-term, transformative projects. This approach would also provide support to small communities that often most need it. Investing in core, “connective infrastructure” to help Canada build back better also presents an opportunity to reduce, and ultimately eliminate, the existing infrastructure deficit. This will be especially critical in the interim period when the Assessment is being developed while Canada, and the world, begin a long road to economic recovery from the COVID-19 pandemic. Growing the economy will be essential to making further investments in community and social infrastructure more viable in the long-term, while ensuring that the design and construction sector remains stable should future outbreaks of COVID-19 occur in the short-term.

Infrastructure that meets societal needs and that is up-to-date and well-maintained will create efficiencies, encourage investment and generate wealth. The Conference Board of Canada's 2010 report *Lessons from the Recession and Financial Crisis* 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 per cent of real GDP annually and reducing the long-term profitability of Canadian businesses by an average of 20 per cent. Stable infrastructure investments also support a strong knowledge-based education pipeline and economy; it ensures there is an adequate supply of well-trained, skilled professionals throughout the infrastructure sector to meet labour demands.

Long-term, predictable infrastructure programs based on the National Infrastructure Assessment would end the “start and stop” infrastructure cycles as one program ends and another begins, while creating attractive and feasible investment opportunities for public funding agencies and private investors. The industries and supply chains that plan, design, build, operate and maintain infrastructure could make informed investments in people, resources, and technology. The same would be true for communities and public agencies, who could plan for the matching often required by federal and provincial infrastructure programs.

An Environmental and Economic Vision for Canada (Continued)

This shift is critical to improving coordination among infrastructure owners and funders, as disjointed and inconsistent infrastructure cycles play a significant role in scaring away investments that build connective infrastructure and improve communities. As such, the National Infrastructure Assessment should establish a long-range pathway of projects and programming that allow for clear and consistent financial and resource planning.

Canada's consulting engineering firms are ready and eager to play a key role in building the National Infrastructure Agency to help Canada recover from the impacts of the pandemic and develop grand, national economic goals. Ensuring a strong economic vision with infrastructure playing a lead role in achieving it, the federal government's goals of creating one million jobs, generating lasting community assets, and improving the quality of life for all Canadians can become a reality.

Summary of Considerations

To achieve the above stated outcomes, ACEC believes the following considerations must be addressed in the creation of the National Infrastructure Assessment:

1. **Governance**
2. **Mandate**
3. **Scope of the Assessment**
4. **Stakeholder Engagement**

1. Governance

In developing the National Infrastructure Assessment, all efforts should be made to establish a clear mandate, scope and operational guidance to ensure strong governance. To complement the Assessment, ACEC recommends that the government develop an independent National Infrastructure Agency, modeled in part after the UK's National Infrastructure Commission to conduct the Assessment. In the UK's approach, the National Infrastructure Commission was in fact prior to the National Infrastructure Assessment being done. This was done to ensure a nonpartisan structure that could provide a long-term view of infrastructure needs within the UK, free from political interference.

This would provide adequate support for the Assessment and could serve as a repository of best practices and industry expertise.

To ensure the Agency is non-partisan and apolitical, it should be developed as a permanent, independent, and arms-length body like the Canada Revenue Agency or the Public Service Commission of Canada. Its mandate should be to provide the government with a long-term view of infrastructure needs in Canada, including assessments, evidence, modelling and recommendations. Public accountability will be achieved through distinct areas of responsibility between the Agency and government. The Agency will be independent to ensure trust in the data and the government would retain responsibility and accountability for program funding and implementation.

When making appointments for the Agency's leadership, the Minister should strive for diversity and inclusion to ensure a balanced board. To this end, consideration should be given to the right mix of skills and expertise, strong industry and Indigenous participation, and regional representation so that key stakeholders with "an ear to the ground" can best guide the Agency and its work in developing infrastructure over the long term.

To complement the Agency's leadership, ACEC recommends the creation of thematic working groups that can provide expert insight into key areas of development. ACEC welcomes the opportunity to join the Agency's leadership, working groups or assist in the process of identifying stakeholders for consideration.

2. Mandate

To ensure a clear delineation of responsibilities, the National Infrastructure Agency should conduct and update the Assessment, and independently monitor and report on progress. Additionally, it would recommend the necessary annual and long-term investment allocations required to address current and emerging needs as well costing the existing infrastructure deficit. The government would consider these recommendations in its allocation of funding.

To ensure accountability and progress, the Agency should make annual public reports to ensure adequate time for federal funding priorities to be established. Government should be required to publicly respond to all Agency reports. Similar to the UK model, the Agency's mandate should be broader than the Assessment. While the federal government plays an important and necessary role in funding and delivering infrastructure, it does not own or operate the majority of infrastructure assets in Canada. In fact, the municipal sector alone owns over 60% of Canada's infrastructure assets. Therefore, ACEC recommends that the mandate of the Agency include other initiatives that will help not only the federal government but also owners, investors and the supply chain to make informed decisions. Our recommendations for such a mandate would include capacity building for infrastructure owners and stakeholders:

- Serving as a “one window” source of state of the industry data, best practices and resources.
- Supporting the development and publishing of “made-in-Canada” best practices relevant and applicable to infrastructure owners including municipalities and Indigenous communities (for example updating and reinstating the National Guide to Sustainable Municipal Infrastructure or creating a new “InfraGuide-2.0”).
- Collaborating with and supporting the Canadian Infrastructure Report Card to broaden and standardize data collection/assessment across the municipal sector and Indigenous communities and integrating its findings into the National Infrastructure Assessment.
- Advising federal, provincial and territorial governments on regulatory review and harmonization to increase investor confidence and harmonize coordination between infrastructure owners and funders.

The success of the Agency to fulfill its mandate requires a “data driven” approach to identify and understand infrastructure deficits, set measurable goals and propose a long-term plan to address the infrastructure deficit and achieve the identified goals. Capacity building and encouraging uniformity of asset management practices should also be key in the Agency's work, particularly within municipalities and Indigenous communities. There are many Canadian municipalities that can serve as models for best practices related to asset management and accrual accounting. The Agency should incentivize and draw from municipal asset management plans as it would allow more prescriptive to achieve national and regional goals.

Furthermore, the Assessment should allow funding applications to be based on multi-year and multi-project asset management plans to encourage long-term development and serve as a stable means of infrastructure financing. Communities with robust and well-considered asset management plans can easily demonstrate strategic infrastructure goals that address their local needs, which is why the government should expand support for these plans and allow municipalities and Indigenous communities to use implementation of their asset management plans as the basis for funding, rather than constantly re-applying for funding on a project-by-project-basis.

Recognizing the varying approaches to community infrastructure and flexibility required to achieve local requirements would avoid imposing “one size fits all” solutions. All data, modelling and assessments collected and conducted by the Agency should be shared in a timely, transparent, and accessible manner for industry and Canadians at large. The Agency should be legislated under the Access to Information Act. The Agency could become a permanent home for the government's Infrastructure Sectoral Regulatory Review Roadmap which was developed to “explore broader issues related to construction permitting and to identify what regulatory barriers and bottlenecks exist.” By ensuring the National Infrastructure Assessment and accompanying Agency are developed with regulatory review in mind, Canada can move towards better, smarter sector regulations to speed up infrastructure and attract greater private investment.

3. Scope of the Assessment

ACEC believes there are four elements essential to the scope of a National Infrastructure Assessment to help guide effective and successful infrastructure policy, programs, and investments:

The Vision (30-Year Horizon)

- Broader policy objectives: societal, economic and environmental
- Projection of need and functional requirements of infrastructure assets
- Strategic prioritization of investments

The Current State of Canada's Infrastructure

- An inventory of current assets
- The current capacity of assets
- The physical state of current assets and remaining service life

The Roadmap Forward (10-Year Horizon)

- Identification and prioritization of goals to achieve the vision
- Projection of required investments
- Recommendation of specific investments (strategically important assets and programs to allow communities to achieve goals)
- Recommendations on program design and metrics to measure progress

Evaluation and Continuous Improvement

- Each of the three aforementioned elements should be living documents in order to reflect the state of the world, the state of technology, ongoing progress and available resources
- Each of these living documents would be formally reviewed for both effectiveness and progress then updated on a sequential, rotating three-year cycle (one per year)
- Both the tri-annual review and updated documents should be public and the Minister would be required to respond to them on behalf of the government

It will be important to provide clear direction as to the expected breadth and detail of the assessment. This will require extensive consultation and buy-in from all stakeholders. Considerations would include such things as:

- Levels of government and agencies covered (local, regional, national, Indigenous)
- Scale and nature of assets covered
- Information to be collected and metrics
- How information is presented and can be accessed
- Expected scope and detail of recommendations to be presented
- Managing ongoing updates and revisions (within three-year cycle)
- How reporting on progress is most effectively presented

The breadth and detail of the assessment process would be expected to evolve to reflect the ongoing review and update process as well as the government's investment in the capacity and resources of the National Infrastructure Agency.

4. Stakeholder Engagement

To ensure that the Agency draws upon the necessary expertise to fulfill its mandate, the Agency should actively engage industry, municipalities, Indigenous communities and civil society in developing its modeling, reports and recommendations. This process should be an evergreen and ongoing initiative, with new assessments conducted at regular intervals. Thorough stakeholder engagement can be achieved with a strong leadership team and thematic working groups, as well as ad hoc consultations with industry partners.

Through this approach, the Agency could leverage the important and ongoing work of the Canadian Infrastructure Report Card to assess the current state of labour community-owned infrastructure and possibly provide a “home” and a source of stable, predictable resources for stakeholder-driven other initiatives such as the renewal of the National Guide to Sustainable Municipal Infrastructure (InfraGuide) that was discontinued ten years ago.

Conclusion

ACEC looks forward to continued collaboration with the government and its stakeholder partners in developing the National Infrastructure Assessment. ACEC is in a position to serve within the leadership structure or working groups of the Assessment, convene industry leaders to provide expertise and feedback on the design of its governance and work to support a successful and green economic recovery from the COVID-19 crisis and beyond. ACEC welcomes the opportunity to work with the government to make this happen and stands ready to provide support in any form.

The Association of Consulting Engineering Companies – Canada (ACEC) is the national voice of consulting engineering firms in Canada. Our members are experts in infrastructure and are directly involved in delivering Canada’s \$126 billion commitment to infrastructure. ACEC is a federation of 12 provincial and territorial associations representing over 400 companies of all sizes that provide engineering and other professional services to both public and private sector clients across Canada. Collectively, ACEC member firms directly employ over 60,000 Canadians. Canada is globally recognized for its engineering services and Canadian-based firms are the second largest provider of engineering services in the world.



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