

# Civil Infrastructure Council Report

October 2012

## Overview

Over the past year, the primary government relations focus of CCA has been to work with the Government of Canada and other national stakeholders to build support for a successor program to the expiring Building Canada Plan. Accordingly, the Association has devoted much of its lobbying resources to supporting this objective. In addition to infrastructure issues, the Association has also been developing resource material for its partner associations to support their efforts to combat public entity incursions into the traditional construction domain of the private sector; lobbying for changes to Canada's federal immigration policy and environmental assessment regulations; and monitoring national progress on the part of governments to implement an Electronic On-Board Recorder policy for commercial vehicles in Canada.

## Federal Long-term Infrastructure Plan (LTIP)

In the spring of 2011, CCA President, Michael Atkinson, was formally invited by Infrastructure Canada to join the federal Steering Committee tasked with assessing Canada's future infrastructure needs. Following six months of hearings in early 2012, the Steering Committee issued its report in September. The report's conclusions were organized into six theme areas:

- Infrastructure and the Economy
- Infrastructure and the Environment
- Infrastructure and Stronger Communities
- Financing Infrastructure
- Planning and Sustainability
- The North

The Committee felt this thematic approach best conveys the challenges and opportunities associated with infrastructure modernization. These six themes are expected to heavily influence the development of the federal government's LTIP. For more information on the report, please visit:

<http://www.infrastructure.gc.ca/plan/ref/presentations/report-rapport/report-rapport01-eng.html>.

In addition to the report, Infrastructure Canada also held a series of stakeholder roundtables across Canada over the summer months. Most roundtables were chaired by the Minister of Infrastructure and his provincial counterpart. Road builder and heavy construction associations were well represented at each of the roundtables.

In advance of the roundtables, CCA drafted a set of industry "key messages" for the use of partner associations attending the roundtables. These documents helped ensure the industry conveyed to government a consistent set of messages on the subject of infrastructure renewal and how the LTIP can best support this goal.

Given the number of stakeholders interested in attending the roundtables, Infrastructure Canada relied on the advice of provincial governments in selecting participants. In most cases, only those associations with provincial mandates were invited to participate. CCA participated in the national roundtable held in Ottawa in late August.

With the roundtables concluded, the next step in the process will involve further inter-governmental discussions. These discussions are expected to cover everything from the administrative agreements between levels of government to the types of projects that will be eligible for funding. CCA does not anticipate that these consultations will lead to a dramatic shift in the current project eligibility criteria (i.e. it should be similar to the existing Building Canada Plan criteria), which is widely supported by all levels of government. The friction point in these discussions is likely to be leveraging (matching funding), which remains a federal prerequisite, but due to current fiscal pressures, may be an obstacle to participation for many provincial and municipal governments. While the issue is unlikely to derail the development of the plan, it may produce considerable federal-provincial political debate.

The new LTIP is expected to be announced in Budget 2013 (likely in February or March) with an effective implementation date of April 1, 2014. CCA has insisted that the LTIP should:

1. Be flexible and provide governments with the latitude to direct funding to support local or regional priorities within the broader context of the program.
2. Support the construction of assets that contribute to a more robust economy and productivity enhancements.
3. Contribute to the maintenance and management of existing assets so as to maximize their useful service life.
4. Support open and fair tendering practices.
5. Prohibit public entity construction projects (public works departments or government-owned businesses) from accessing LTIP funding.

## Canadian Infrastructure Report Card

In September, the first Canadian Infrastructure Report Card was published. The Report Card, which was funded by the CCA's Civil Infrastructure Council and its stakeholder partners – the Federation of Canadian Municipalities (FCM), the Canadian Society for Civil Engineering (CSCE) and the Canadian Public Works Association (CPWA) – is the culmination of more than two years of study of the core municipal infrastructure assets of 123 municipalities across Canada. The three asset classes studied were roads; wastewater systems, including pipes, treatment facilities and storm water management systems; and water mains.

The Report Card found the following:

**Roads:** Fair

- More than 52 per cent of municipal roads were rated fair or worse.
- One in four Canadian roads is operating above design capacity.
- The estimated replacement value of roads in poor and very poor condition is \$35.7 billion.

**Wastewater Infrastructure: Good**

- 40 per cent of wastewater plants, pumping stations and storage tanks are in fair to very poor condition.
- 30 per cent of pipes are in fair to very poor condition.
- The estimated replacement value of wastewater assets in poor and very poor condition is \$7.7 billion.

**Drinking Water Infrastructure: Good**

- 15 per cent of the systems reviewed were in fair to very poor condition.
- 14 per cent of plants, reservoirs and pumping stations were in fair to very poor condition.
- The estimated replacement value of drinking water assets in poor and very poor condition is \$3.4 billion.

**Storm water Infrastructure: Very Good**

- Storm water infrastructure is in the best condition of all the asset classes reviewed.
- 12 per cent of storm water infrastructure was rated as fair to very poor.
- 23 per cent of storm water pipes were rated as fair to very poor.
- The estimated replacement value of storm water assets in poor and very poor condition is \$3.9 billion.

CCA's Civil Infrastructure Council initiated the Canadian Infrastructure Report Card as a means to maintain public and political support for ongoing public investment in infrastructure. Two goals were central to this project:

1. Develop a credible mechanism whereby accurate assessment data is conveyed to the public on a periodic basis; and
2. Establish the industry as an important infrastructure stakeholder across the country.

Based on the significant media attention garnered to date, it would appear that this first report was successful in meeting these objectives. The next iteration of the Report Card will likely be published in the fall of 2014 and may include data covering additional asset classes, such as bridges, overpasses, public transit and other municipal assets.

## National Infrastructure Summit

As part of CCA's commitment to promoting ongoing federal investments in Canada's infrastructure, the Association helped sponsor this year's National Infrastructure Summit. The Summit was organized by the City of Regina under the auspices of the FCM's Big City Mayors' Caucus and focused on practical solutions to Canada's infrastructure management challenges.

This year's Summit held workshops on five key themes:

- Defining the Need
- Financing the Opportunities
- Politics of Infrastructure
- Innovation
- Citizen Engagement

In addition to these workshops, a number of speakers were invited to share with the 300 delegates their views on infrastructure management issues. CCA Chair, Mr. John Schubert, presented to the group on practical solutions municipalities can adopt to help lessen the burden that infrastructure management places on city budgets.

The speech made four recommendations:

- Governments should adopt long-term infrastructure budgets;
- Governments should adopt earlier tender calls as a standard practice;
- Governments should consider adopting a regional approach when building infrastructure assets; and
- Governments should adopt better risk-sharing models so as to benefit from the latest private sector innovations in design and construction.

The speech was well received by delegates and helped contribute to the substantive discussions held over the course of the three days of meetings.

## Infrastructure Investment Report

To further support the Council's goal of promotion on an on-going basis the importance of public sector investment in infrastructure, the Council is sponsoring a report by the Canada West Foundation on the importance of on-going public investment in infrastructure as a means of stimulating economic growth. This report is slated to be released in the late fall so as to coincide with federal and provincial pre-budget consultations. Partner associations and CCA members will be provided with communications materials prior to the release of the report to help them convey the report's key messages to elected and non-elected officials.

## Immigration Reforms

After many years of lobbying by CCA and other national organizations, the federal government introduced a number of favourable changes to immigration and labour policy this year that facilitate the entry of temporary foreign workers (TFW).

At a meeting in the spring of 2011, CCA lobbied the Minister of Human Resources and Skills Development, the Honourable Diane Finley, for a fast tracking of TFW applications. In May of 2012, the federal government announced an expedited process for obtaining a Labour Market Opinion, the first step in the process for bringing in a temporary foreign worker. As part of the change, it is now possible, if a company has previous experience with the program, to obtain an LMO in 10 working days. Once received by Immigration, a visa should be issued immediately, providing the TFW passes medical and security checks.

In addition to these reforms, the federal government also announced that it will be consulting over the next year on further reforms to Canada's immigration system. Under these new proposed changes, the immigrant selection system will become more responsive to the needs of employers.

The Department of Citizenship and Immigration will build a database of high demand immigrant applicants and make this pool available to prospective employers. If the employer expresses interest in an applicant, that applicant will be encouraged to formally apply. The government will then facilitate further information exchanges between the employer and the chosen applicant. Should the employer decide to extend a formal offer of employment, the government will expedite the processing of the application permitting the applicant to be landed in as little as 6 months. Applicants may also be admitted sooner as temporary foreign workers, should they so desire.

While these changes are not expected to take effect for at least 18 months, they appear very promising. As consultation roundtables are organized for early next year, CCA will be working with the Department of Citizenship and Immigration to ensure that our partner associations and interested members are included.

## **Canadian Environmental Assessment Act Regulations**

As part of Budget 2012, the federal government introduced a series of important modifications to Canada's environmental assessment law. These amendments addressed all of CCA's recommendations to the House of Commons Standing Committee on the Environment, which was charged with the review of the legislation on behalf of Parliament.

Under the newly amended Act, the federal government is withdrawing from a number of areas where competing jurisdictions already have established and robust assessment legislation. It will also be reducing the number of small assessments carried out by the federal government so as to better focus assessment resources on projects with greater environmental repercussions, and it establishes firm timelines in which assessments must be carried out. This will be facilitated by centralizing assessment decisions and evaluations within fewer departments and agencies. The result should be more predictable and timely assessments, with less inter-jurisdictional overlap while maintaining environmental safeguards.

CCA has been actively engaged with the Agency through the formal consultation process in the development of the Act's regulations. The new regulations should be announced shortly and come into effect later this fall.

## **Public Sector Incursions into the Private Sector Construction Market**

Over the past few years, fiscal pressures on governments have forced many public entities to undertake new revenue generating activities. In some cases, this has led to situations where publicly subsidized entities are directly and unfairly competing for contracts against the private sector.

In June, the CCA Civil Infrastructure Council decided to take action to combat these public sector incursions. It was agreed that the Council should produce a report for elected officials that would build a case against the use of this practice.

Finding a reputable firm (i.e. KPMG or PricewaterhouseCoopers) willing to take on this issue, however, has been challenging because most feel that their conclusions would be unsupportable without the cooperation of a government. Consequently, instead of a formal report, the Council has approved the development of a brochure-based checklist containing questions elected officials should consider prior to authorizing a public entity to engage in this practice. The materials should be available to partner associations later this fall.

## **Electronic On-Board Recorders**

Through the Canadian Council of Motor Transport Administrators (CCMTA), provincial governments are continuing the study of mandating the use of Electronic On-Board Recorders for all commercial vehicles to ensure compliance with federal and provincial Hours of Service regulations.

The move toward EOBRs is being led by the US Federal Motor Carrier Safety Administration (FMCSA), which introduced EOBR regulations earlier this year. Given the volume of cross-border truck traffic, Canadian regulators recognize the importance of maintaining policy coherence with the US and are working cooperatively with the US Government to establish a continental standard.

While the issue is still under review in Canada, momentum for the introduction of EOBR government regulations is growing. CCA has adopted the position that EOBRs should be introduced gradually and that short-haul carriers should be given until 2020 to comply. This position was formally provided to the CCMTA in 2011. To date, regulators have been receptive and assured the industry that no regulatory action is likely until 2014 at the earliest.

The CCMTA is meeting in Ottawa in early November and the issue of EOBRs is on the agenda of the Standing Committee on Compliance and Regulatory Affairs. CCA will be in attendance and will provide members with a further update following the meeting.