



Thank you for the opportunity to provide comments on the upcoming 2021 budget for Newfoundland and Labrador (NL), as business owners and leaders in the engineering industry, the health of the provincial economy significantly impacts our businesses. From the consulting engineering industry's perspective, we believe our member firms are a fundamental component of the Province's economic recovery. Our assessment is that there are 3 issues that need to be addressed to improve the financial situation in Newfoundland and Labrador.

#1 Long-Term Infrastructure Planning

ACEC-NL believes infrastructure is a core business of government and an investment in our social, economic and environmental quality of life, not a cost to be minimized. It connects communities, enables commerce and protects the environment.

Priority should be given to core infrastructure spending that grows the economy, creates jobs and expands the tax base. Growing the economy is essential to making further investments in community social infrastructure viable and sustainable in the long term. The Province has a lot of infrastructure needs and with the Covid-19 pandemic the economy has been hit hard. But opportunity is knocking. There is a way, right now, for our province to access 50-cent dollars at a minimum and, in many cases, even better cost sharing ratios from the federal government for infrastructure projects that we can leverage to help renew our infrastructure through the Invest Canada Infrastructure Plan. Currently, Newfoundland has one of the lowest uptakes of federal funds of any province with approximately \$468 million dollars left on the table at this time. We feel this is an untapped opportunity for job creation that would resonate across many markets sectors.

ACEC-NL recommends that the provincial government take advantage of the Federal stimulus funding programs to the fullest extent possible.

#2 Use Procurement Best Practices to Achieve Quality, Innovation and Long-Term Savings

Supporting NL's infrastructure represents a significant investment of tax dollars.

Upfront procurement decisions have a significant impact not only on the cost and quality of design and construction phases, but on operations and maintenance of infrastructure assets. Engineering and other professional services typically account for only 6-18% of capitals costs on infrastructure projects and 1-2% of total costs over the life-cycle of infrastructure assets. Yet these services dramatically impact all aspects of the financial and operational success of infrastructure for decades.

The provincial government should require best-value or qualifications-based selection, not lowest price, for the professional engineering services it procures.

#3 Local Outsourcing of Professional Engineering Services

We recognize the private sector needs a good public sector to provide, education, healthcare and infrastructure investment. We recognize that both the public and private sectors have a role to play in



our province when it comes to the provision of engineering services. However, reducing the scope of government spending could create more private sector opportunities for investment and job creation. Some of the advantages to the province locally outsourcing more of its engineering work include:

- In-house technical staff deal with a broad variety of public works (highways, buildings, water and wastewater utilities) and can become generalists. Alternatively, consultants work for many clients and develop team expertise from working on many related projects and become specialists with a depth of experience. Consultants also have greater resources and technical ability to address concerns with items such as climate change, coastal engineering, environmental engineering etc.
- As generalists in-house technical staff are on-call for many and varied matters with requests coming from senior staff, politicians, concerned citizens and third-party groups. Consultants work on projects defined by contract and are focused on delivering results according to the contract scope, schedule and budget.

In terms of cost per hour spent on technical matters (design, investigation, reports, tests) the cost of consultants and public sector staff are similar. Therefore, we argue that using consultants for non-routine technical tasks brings more expertise to the project and free up public sector staff to focus on serving the public interest.

ACEC-NL recommends that the government help build a sustainable private engineering industry by locally outsourcing more of its engineering needs.

Our Board represents the consulting engineering industry in the Province and welcomes the opportunity to further discuss our position and can be reached at the coordinates below.

Sincerely,

Christy Cunningham, P.Geo., Executive Director
Association of Consulting Engineering Companies – Newfoundland & Labrador (ACEC-NL)
(506) 651-6562
ccunningham@acecnl.ca
www.acecnl.ca

About ACEC-NL

ACEC-NL is a non-profit organization dedicated to the business of consulting engineering in the province of Newfoundland and Labrador. ACEC-NL member firms provide professional engineering services to both the public and private sectors in a wide range of projects and engineering related fields. ACEC-NL has 20 member firms which represents approximately 400 employees.