



DEPUTATION TO THE STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

2017 Pre-Budget Consultation



Barry Steinberg
Chief Executive Officer

David Zurawel
Director, Government & Stakeholder Relations

Check against delivery

Good afternoon Mister Chair and members of the committee.

Thank you for the opportunity to speak to you this afternoon as part of the government's 2017 pre-budget consultations.

My name is Barry Steinberg. I am the Chief Executive Officer of Consulting Engineers of Ontario, more commonly known as CEO. Joining me is David Zurawel, CEO's Director of Government and Stakeholder Relations.

I would like to emphasize the respect we have for this committee's hearings. This is a valuable opportunity for you, our elected representatives, to consider the consulting engineering sector as your partners in successfully investing in Ontario's infrastructure.

Budgets in past years have emphasized investment commitments to tackle Ontario's infrastructure deficit. More recently, they have focused on implementing those commitments. My discussion with you today emphasizes implementation, in particular the notion of value-for-money.

Ladies and gentlemen, we recognize government is undertaking important work to improve our infrastructure with the creation of the Trillium Trust, the review of the *Construction Lien Act* and the development of a new Asset Management Regulation to better inform and help prioritize government selection and investment in much needed core infrastructure.

However, despite these efforts the province is far from assured that it will ultimately be successful in achieving its desired returns. We hear how steadfastly devoted government is to delivering value-for-money with every expenditure.

I would argue that Ontario will not be able to reap the benefits it is anticipating from its infrastructure investments. This is because of a fundamental lack of understanding of what it means to attain value-for-money.

CEO's member firms are intimately connected to the government's infrastructure agenda. The work of consulting engineers, as the designers and innovators who help build these projects, is integral to every project in every community across the province. This relationship is defined by the contracts our members sign with government to undertake this work.

I am here to tell you today that the poorly and unfairly worded contracts our members are expected to sign are standing in the way of the government realizing the value-for-money it

so desperately needs. Unfair risk results in increased project pricing required to deal with that risk.

Despite the government seeking innovation from our industry, our members are subject to adversarial rather than collaborative contractual relationships; contracts that are uninsurable.

Because of the government's unreasonable transfer of project risk, our professionals are spending far too much time mitigating potential disasters. Instead of providing optimal design shaped by innovation, our members are navigating unreasonably onerous terms and conditions. Being held responsible for elements of projects over which they have no control is no way to efficiently and effectively conduct business.

As it stands right now, we have member firms that have redeveloped their public sector business models to expressly exclude provincial projects. They have found clients that are easier to work with.

We have had recent discussions with provincial agency officials who have expressed their disappointment in our industry for not submitting proposals to undertake their projects. They tell us how they have been compelled to call potential firms directly to ask them to respond to their projects because they don't have enough companies involved to run a competitive awards process.

When confronted by officials we are told they have no choice but to look to engage foreign-based firms to undertake project work. However, this is not a viable solution to OUR problem. Rather than trying to find the firm that will subject itself to unrealistic terms, government should try to understand what is necessary to ensure true value-for-money is provided.

Our position is that our members and government should be a team working for success, not adversaries wasting time protecting ourselves from each other.

We hope we can become partners with government to successfully deliver the province's much needed core infrastructure.

The solution to this problem rests solely with the Ministry of Finance. It has oversight of the policy driving the reallocation of risk that is preventing government from achieving its value-for-money objectives.

The province has taken important steps to rebuild itself. It has committed to invest substantial sums of money over the next 12 years and secured similar commitments from Ottawa to do the same. These investments will ensure we can continue to manage and

protect the safety of our drinking water and to return to a time where our trains run on-time and our roads and highways quickly and efficiently move people and goods and not strangle our economy with gridlock - using a process of collaboration and innovation.

This problem we are discussing today is not solely of this government's making - we all know that. However, this government has the opportunity to make the positive changes necessary to achieve the objectives it is counting on for our collective success and prosperity.

Thank you again for the opportunity to speak to you today. I would be pleased to take any questions you may have for me.

BACKGROUND

For more than 40 years Consulting Engineers of Ontario (CEO), has been the non-profit advocacy association representing the business interests of engineering firms in the province. Founded in 1975 by the consulting engineers division of Professional Engineers Ontario, we have become a valuable resource for members - approximately 200 companies with nearly 20,000 employees and affiliate organizations.

CEO is a member organization of the Association of Consulting Engineering Companies | Canada (ACEC) and the International Federation for Consulting Engineers (FIDIC).

Our mission is to promote a sustainable business environment for members and our vision is to be the authoritative voice for consulting engineering companies in Ontario. We seek to fulfill these objectives through values of: integrity; trust; collaboration; diversity; and respect.

Where “engineering” is a profession, “consulting engineering” is a business that makes engineering viable and sustainable. Consulting Engineers of Ontario (CEO) represents our member firms who provide a wide range of engineering services to government and private sector clients. Their professional staff are not just engineers, but also technicians, technologists, geoscientists, architects and planners. Through their service offerings, CEO member companies directly impact the economic, social and environmental aspects influencing Ontario’s quality of life. They work on transit and transportation systems, water and wastewater systems, bridges, hospitals, electrical systems, mechanical systems and much of the world that you see around you.

CEO’s objective is to be a trusted partner and solutions provider to government the policy maker, legislator and government the client.