
To: Board of Directors, NAC members, Corporate members and LCAs

From: Mary Van Buren, President

Date: July 12, 2022

Subject: Report on Standard Practices Tour

CCA President Mary Van Buren and Senior Vice President Rod Gilbert, supported by National Advisory Council Chairs and CCA Chair Brendan Nobes, visited **Vancouver, Edmonton, Winnipeg, St. John's** and **Montreal** in June to learn first-hand from members about their challenges with current procurement practices and project delivery methods.

Thank you to our LCA partners – Donna Grant (Vancouver), David Johnson (Edmonton), Chris Lorenc (Manitoba), Ron Hambley (Winnipeg), Pierre Hamel (Quebec) and Rhonda Neary (Newfoundland & Labrador) for your support in this engagement initiative!

Objective

The Standard Practices tour was a fact-finding mission on the part of CCA to collect information on the top procurement pain points experienced by members and obtain feedback on where CCA should focus its efforts. The insight gathered will be used to develop tools to help educate owners (public and private) on improving procurement.

About 110 industry members representing the civil, trade, general contractor, and supplier sectors participated in the tour. Roughly 60 to 70 per cent work on public projects (federal, provincial, and municipal governments as owners) and virtually all also have experience working with private owners.

Summary of issues and implications

A familiar theme heard from many members across the country is that the current system is broken – and trust is eroding between the owner and contractor. Examples cited include the RFP\ tendering process and its restrictive and inefficient requirements; the lack of knowledge and expertise among bureaucrats representing the owner; that contractors shoulder much of the risk and manage unknown project costs and delays; and that owners favouring the lowest bidder undermines contractors who could provide best value.

“The system is broken.” Public procurement at all levels of government is inefficient and unduly risky for contractors

- The time from concept to ground-breaking is too long, resulting in contractors having to inflate quotes to mitigate against future price escalation risk (especially in lump sum projects where there is no recourse), including more costly and difficult to obtain insurance/bonding.

- Documents are only 50-75 per cent complete when they are released for bidding, expanding contractor risk in estimating. Owners often need to re-start process as the budget can be lower than bids received due to time lapse between when the project is conceived and when it is released for bid.
- Contractors believe it is unfair that if they remove onerous conditions or clauses, they are eliminated from the bidding. One example contractors mentioned is liquidated damages.
- Security clearances are not coordinated or recognized intra-provincially or even across different federal departments, resulting in repetitive paperwork or losing workers due to the slow approval process.
- Federal department regional offices could play a stronger role in informing appropriate qualifications for regional projects.
- A more standardized approach from coast to coast at every level would make the industry more productive.
- Given the length of time to get feedback on contract bids, some contractors either find themselves with too much business, or not enough, as they do not want to extend themselves, given many bids in progress.

Public owners lack the expertise, insight, or influence to improve the system

- The federal government outsources to companies like BGIS, reducing their internal capacity and knowledge of the procurement system and evolving best practices.
- Knowledge is lost as bureaucrats and politicians frequently switch portfolios. There is little capacity to innovate and improve the process when re-education is constantly needed.
- Projects are often released on a political, short-term, or somewhat reactionary basis. This approach overlooks the realities of seasonality, complexity and costs while still expecting projects to be delivered on time and on budget.
- Public owners mitigate their risk by transferring it to the contractor.
- The lack of skilled employees at the municipal and provincial level is a massive hurdle to the planning and development of projects.

Despite having shared mutual goals, the system is adversarial

- Early contractor involvement would produce a more informed project plan, resulting in better pricing for risk and potentially identifying more efficient and effective ways of delivering projects. This could include consultation.
- Owners are reluctant to engage with contractors to avoid being seen as corroborating with contractors or being unduly influenced.
- Disputes are resolved through litigation, with governments being seen as heavy-handed. This impacts sectors (e.g., civil) that rely on government as the customer.
- While the government believes that more bidders mean lower costs; the industry believes they are just getting more inadequate responses, which creates unnecessary costs for all.
- Engaging contractors in the planning and design phase would allow specialists to address issues like climate change, social procurement, accessibility, etc. at the beginning of the project thereby managing timelines, costs, and expectations from the onset.

Way forward

Participants noted that procurement is complex and requires specialized and evolving knowledge. As the national association representing the ICIC sector, CCA will take a leadership role to deliver the following:

- ***Re-imagining public procurement***
 - CCA to work with PSPC and the entire federal government on addressing needed changes to the procurement system that will benefit Canadians (projects of value vs projects at lowest cost), improve productivity, and support a healthy sustainable industry.
 - CCA to continue to advocate for improvements to the security clearance process.
 - CCA to continue its campaign for a long-term infrastructure investment and planning strategy that is informed by an independent advisory group, holding politicians accountable.
 - CCA to engage with LCAs and their members in our advocacy efforts, including Hill Day.
 - CCA to support LCAs in their engagement with provincial and local authorities.

- ***Educating public (and private) owners***
 - Due to the turnover in government departments, public owners need to be educated on procurement. CCA, with input from our National Advisory Councils, can develop webinars to explain the following to public owners:
 - The implications of downloading risk to contractors;
 - How different types of projects work and the implications the release of tenders have on project timelines;
 - Why owners should consider best value over low cost when awarding contracts;
 - The value of early contractor involvement;
 - The impact of poor or incomplete designs; and
 - The impact of social procurement on project costs, timelines, and workforce availability.
 - CCA to promote the value of CCDC documents as fair, consensus-based documents to public owners.
 - CCA to provide resources to LCAs to help them educate provincial/municipal owners.
 - LCAs to continue to educate local and provincial owners.

- ***Promoting the ethics, value, and career opportunities of the industry***
 - CCA plans to expand Talent Fits Here to target immigrant skilled workers, in addition to Canadians from underrepresented groups.
 - LCAs can support Talent Fits Here and other efforts to promote careers in construction.
 - LCAs to continue or expand their outreach to students, teachers, parents, and their communities.