



## 90 DAY ISSUE

### DEPUTY MINISTERS/INDUSTRY INFRASTRUCTURE FORUM

#### Issue:

- In January 2013 a new government/stakeholder committee (the Forum) was announced to build a stronger relationship with the segment of the construction industry building capital assets such as schools, hospitals and other buildings. The committee has not formally met.

#### Background:

- For several years, the construction associations have met with individual ministries and government representatives to discuss procurement practices and issues facing their industry.
- The Forum is intended to improve the on-going dialogue with industry to strengthen procurement practices and guidelines such as those currently outlined in government's policy document – the Capital Asset Management Framework (CAMF).
- The Forum's Terms of Reference are drafted; membership includes 7 industry representatives, 5 deputy ministers responsible for much of government procurement and construction (Advanced Education, Innovation and Technology; Citizens' Services and Open Government; Education; Health and Transportation and Infrastructure). The Forum is co-chaired by the deputy minister of Finance and the B.C. Construction Association (BCCA) Board chair.
- Three special advisors were named: Manley McLachlan, president of the BCCA; Philip Hochstein, president of the Independent Contractors and Businesses Association of BC; and Sarah Clark, president and CEO of Partnerships BC.
- The Forum is modeled after a successful stakeholder consultation process that exists between the road construction industry and the Ministry of Transportation and Infrastructure.

#### Decision required:

- **90 day issue.**
- A decision will need to be made on whether or not the Deputy Ministers/Industry Infrastructure Forum will be a priority for government. If the committee is to continue, timing for the first meeting will be confirmed with industry.

# Deputy Ministers & Industry Infrastructure Forum

Meeting: July 25, 2013 10:00 a.m. to noon  
Ministry of Finance - 617 Government Street, Room 031

## Attendees:

Ross McLean (Forum Co-Chair)	BC Construction Association Board Chair
Peter Milburn (Forum Co-Chair)	Deputy Minister, Finance
Paul Becker	Director of Professional Services, Architectural Institute of BC
Sean Brock	Vice-President & District Manager, PCL Constructors Westcoast Inc.
Terry Brown	President, STBR Consulting Ltd.
Bob Cooke (on behalf of R. Wagner)	Principal & General Manager, Division 15 Mechanical Ltd.
Steve Fleck	President, ACEC-BC, Stantec Consulting Ltd.
Brad Popoff (via videoconference)	President, Equity Plumbing and Heating Ltd.
Pete White	Vice President & Chief Estimator, Kinetic Construction Ltd.
Sarf Ahmed	Associate Deputy Minister, Technology, Innovation & Citizens' Services
James Gorman	Deputy Minister, Advanced Education and Education
Grant Main	Deputy Minister, Transportation & Infrastructure
Susan Tinker (on behalf of S. Clark)	Vice President, Partnerships BC
Philip Hochstein	President, Independent Contractors & Businesses Association of BC
Sabine Feulgen	Assistant Deputy Minister, Treasury Board Staff, Finance
Nancy Merston (Forum Secretariat)	Strategic Advisor, Treasury Board Staff, Finance

## Regrets:

Manley McLachlan	President, BC Construction Association
Stephen Brown	Deputy Minister, Health

## Agenda:

- |   |                           |
|---|---------------------------|
| <b>1. Welcome and Introductions</b>               | Peter Milburn             |
| <b>2. Adoption of Agenda</b>                      | Peter Milburn             |
| <b>3. Outcomes and Expectations for the Forum</b> | Peter Milburn/Ross McLean |
| <b>4. Action Items</b>                            |                           |
| a. Review and Approve Terms of Reference          | Peter Milburn             |
| <b>5. Discussion Items</b>                        |                           |
| a. Capital Planning - presentation                | Sabine Feulgen            |
| b. Framing the Current Marketplace                | Ross McLean               |
| c. Developing Future Agendas                      | Peter Milburn             |
| <b>6. Other Business</b>                          | Peter Milburn             |
| <b>7. Next Meeting</b>                            | Ross McLean               |
| <b>8. Adjournment</b>                             | Peter Milburn             |

**DEPUTY MINISTERS & INDUSTRY INFRASTRUCTURE FORUM**  
**Terms of Reference**

**PREAMBLE**

This document provides the "Terms of Reference" under which this Forum will operate.

Infrastructure is a key foundation to build a competitive economy that attracts jobs and investment to British Columbia.

Several ministries are accountable for infrastructure delivery on behalf of the government of British Columbia. These include: Advanced Education, Education, Health, Technology, Innovation and Citizens' Services and Transportation & Infrastructure (**the ministries**).

The construction industry in British Columbia is a key stakeholder in the infrastructure sector.

**PURPOSE**

In keeping with these interests, the function of the Deputy Ministers & Industry Infrastructure Forum (DMIIF) will be:

- a) To promote and achieve a constructive relationship between the construction industry of British Columbia and the government ministries, agencies and Crown corporations operating within the Province of British Columbia.
- b) To create a cooperative environment between all major public tendering authorities and industry for the purpose of creating an environment where public construction procurement processes achieve the fullest utilization of construction industry resources and to assist public sector owners in achieving the best value for public sector dollars while adhering to the principles of the Capital Asset Management Framework.
- c) To discuss the merits of the use of uniform public sector contract documents and procedures that are easy to comprehend, workable, fair and reasonable.
- d) To review tendering procedures, government policy and industry practices as they develop.
- e) To provide for the development of recommendations for consideration in the development of government policy that relates to the construction industry, including input into updates of the Capital Asset Management Framework.
- f) To develop and disseminate information to public purchasers of construction services, to the construction industry and to the public.
- g) To provide a means by which its members may speak with a single authoritative voice in matters affecting publicly funded construction.



**MEMBERSHIP**

The DMIIF includes members from:

Senior representatives from the ministries of:

- Finance – co-chair
- Advanced Education
- Education
- Health
- Technology, Innovation and Citizens' Services
- Transportation and Infrastructure

Senior representatives from the construction industry, including:

- BC Construction Association (BCCA) Board Chair – co-chair
- Five construction industry representatives that include members with multiple trade association affiliations
- Two representatives from the design consultants associations

Special Advisors to the Forum will include:

- President of the BC Construction Association
- President of the Independent Contractors and Businesses Association of BC
- President and CEO of Partnerships British Columbia

The co-chairs will be notified in writing of changes to the representatives on the DMIIF.

**SUB-COMMITTEES**

The DMIIF may appoint sub-committees including at least one DMIIF member and specialists in the respective disciplines to make recommendations and to draft documents dealing with specific issues.

**MEETING PROCESS**

The DMIIF may convene a meeting at any time, however, it is expected that meetings will be quarterly. The meeting location will be determined prior to each meeting and every attempt will be made to provide a minimum of four weeks' notice of the location.

The agenda for meetings is set by the co-chairs and members will be consulted prior to setting the agenda. The agenda will be finalized and adopted at the start of each meeting.

Specialists in other disciplines may be invited to participate as advisors from time to time on matters requiring special expertise.

Secretariat duties will be led by the Ministry of Finance with support from the BC Construction Association. Minutes will record only a brief description of discussions, decisions and actions and are not a verbatim record of the discussion.

**COMMUNICATIONS PROTOCOL**

In order to support their ability to provide well-informed advice, members may receive and discuss information that is confidential in nature. Committee members agree that they shall not disclose any confidential information received through participation on the Forum, including information received orally or in writing.

The co-chairs will ensure that everyone participating in the meetings, telephone discussions, e-mail exchanges or in another form of communication has received clear instructions on the confidentiality of the proceedings.

Any member wishing to communicate Forum business must have it jointly approved by the co-chairs prior to release.

# **Deputy Ministers & Industry Infrastructure Forum**

## **SUBMISSION FORM for PROPOSED AGENDA ITEMS**

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**TOPIC:**

(1 – 2 sentence description)

**BACKGROUND:** (2 – 3 paragraph summary)

**SUBMITTED BY:**

**DATE:**

Attachments for the Proposed Agenda Item? YES/NO

# Deputy Ministers & Industry Infrastructure Forum

## Minutes

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**Date:** July 25, 2013 10:00 a.m. to noon  
**Location:** Ministry of Finance - 617 Government Street, Room 031

### **In Attendance:**

#### **Members:**

Ross McLean (Forum Co-Chair)	BC Construction Association Board Chair
Peter Milburn (Forum Co-Chair)	Deputy Minister, Finance
Sean Brock	Vice-President & District Manager, PCL Constructors Westcoast Inc.
Terry Brown	President, STBR Consulting Ltd.
Bob Cooke (on behalf of R. Wagner)	Principal & General Manager, Division 15 Mechanical Ltd.
Steve Fleck	President, ACEC-BC, Stantec Consulting Ltd.
Joan Hendriks (on behalf of P. Becker)	Manager of Registration and Licensing, Architectural Institute of BC
Brad Popoff (via videoconference)	President, Equity Plumbing and Heating Ltd.
Pete White	President, Kinetic Construction Ltd.
Sarf Ahmed	Associate Deputy Minister, Technology, Innovation & Citizens' Services
Sabine Feulgen	Assistant Deputy Minister, Treasury Board Staff, Finance
James Gorman	Deputy Minister, Advanced Education and Education
Grant Main	Deputy Minister, Transportation & Infrastructure

#### **Special Advisors:**

Susan Tinker (on behalf of S. Clark)	Vice President, Partnerships BC
Philip Hochstein	President, Independent Contractors & Businesses Association of BC
Nancy Merston (Forum Secretariat)	Strategic Advisor, Treasury Board Staff, Finance

#### **Regrets:**

Manley McLachlan (Special Advisor)	President, BC Construction Association
Stephen Brown (Member)	Deputy Minister, Health

### **1. Welcome and Introductions**

P. Milburn opened the meeting and welcomed members. Roundtable introductions were held.

### **2. Adoption of Agenda**

The agenda was adopted as distributed.

### **3. Outcomes and Expectations for the Forum**

The co-chairs outlined the benefits of working together to achieve a stronger relationship between industry and the government ministries responsible for the majority of infrastructure delivery in British Columbia.

Members discussed the inclusion of the broader public sector on the Forum. It was agreed the immediate focus of the Forum will be on vertical infrastructure funded through the ministries represented on the Forum. Opportunities to share best practices with the broader public sector may be explored in future. It was noted that the Public Construction Council of British Columbia, with a broad public sector membership, is an existing avenue to share best practices.



# Deputy Ministers & Industry Infrastructure Forum

## Minutes

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### 4. Action Items

#### a. Review and Approve Terms of Reference

Members reviewed the draft Terms of Reference distributed prior to the meeting. Following earlier discussions, it was agreed that clarity was required regarding the broader public sector. The members discussed including references to education/training and the broader procurement cycle.

Members discussed their communications needs. To provide clarity, it was agreed that a Communications Bulletin would be prepared summarizing each meeting for distribution by the members to interested parties.

#### *ACTION:*

*Revised Terms of Reference will be drafted and circulated to members for comments.*

*Communications Bulletin will be circulated to members.*

### 5. Discussion Items

#### a. Capital Planning - presentation

S. Feulgen provided an overview of government's framework for capital planning, including the roles and responsibilities within government and a review of the funding by sector currently held in the 3-year capital plan.

Discussion followed regarding timing for projects from multiple agencies and the differences between taxpayer-supported capital and capital for the self-supported commercial crowns and agencies.

*ACTION: A summary presentation will be provided to members with the draft minutes.*

#### b. Framing the Current Marketplace

R. McLean provided an industry overview of the current marketplace, including the need for trained procurement specialists in the industry and public sector, the labour market demand in the western provinces and the need to keep smaller contractors working in their local areas.

Discussion followed regarding job skills and the labour market supply. Members agreed that a future meeting would include this topic.

#### c. Developing Future Agendas

Members reviewed the Submission Form for Proposed Agenda Items previously distributed. Members agreed to use this format for proposing further agenda item for consideration by the co-chairs.

*ACTION: Members to submit proposed topics to Nancy Merston by August 16, 2013 for consideration at future meetings.*

### 6. Other Business

None.



# Deputy Ministers & Industry Infrastructure Forum

## Minutes

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### 7. Next Meeting

The next meeting will be scheduled for early fall and will be held at the offices of the BC Construction Association #401 – 655 Tyee Road, Victoria.

### 8. Adjournment

P. Milburn thanked members for their participation and adjourned the meeting at 12:05 pm.

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**Prepared by:** Nancy Merston  
**Date Distributed:** September 24, 2013  
**Date Approved:** October 1, 2013

### Attachments:

1. Capital Planning Presentation

# CAPITAL EXPENDITURE PLANNING

**Deputy Ministers & Industry  
Infrastructure Forum  
July 2013**



Trusted financial and economic leadership for a prosperous province



## *Overview*

- Legislation
- Capital Management
- Fiscal Framework
- Budget 2013 Update – Capital Plan

Slide 2



### *Financial Administration Act [RSBC 1996]*

- Establishes authority of Treasury Board to act on financial aspects of government:
  - Revenue, expenditures, debt, risk and capital expenditures
- Management of capital expenditures
  - Approval processes & process requirements
  - Document requirements: capital plans, business cases, tendering, reports



## *Capital Management since 2008*

### 2008: 3-year capital plan

- Each ministry submitted a capital plan
- Approvals were at project level

### 2008/09: World Economic Crisis

- Capital spending to stimulate the economy  
focused impact of borrowing on Debt to GDP ratio



## *Capital Management since 2008*

*continued*

2011: Treasury Board established the Deputy Ministers Committee on Capital (DMCC)

Representatives include:

- Ministries of: Advanced Education, Education, Health, Finance, Technology, Innovation & Citizens' Services, Transportation & Infrastructure
- Partnerships BC for technical advice





## ***Deputy Ministers Committee on Capital***

DMCC's purpose is to address capital management issues including:

- Policy and implementation oversight
- Capital planning and approval processes
- Asset maintenance



## ***DMCC - Policy and Implementation Oversight***

- Large capital agencies manage major priorities within their larger project portfolios
- Governance & accountability measures commensurate with risk
  - Ministry capital program boards established if portfolio over \$20M
  - Project Boards for those projects over \$50M or with high complexity and risk
- Align with Capital Asset Management Framework



## ***DMCC – Capital Planning and Approvals***

Engage Treasury Board through annual capital planning process:

- Funding envelopes for “routine capital” to address asset maintenance
  - Maintenance & Rehabilitation/Upgrades & Renovations
  - Funding for IM/IT transformation & innovation
- Priority investments





## ***Treasury Board Capital Update***

### **Current approach was implemented for Budget 2012:**

- Annual process for update and approval
- Three-year approved plan outlined in the *Budget and Fiscal Plan* document
- Ten-year notional plan

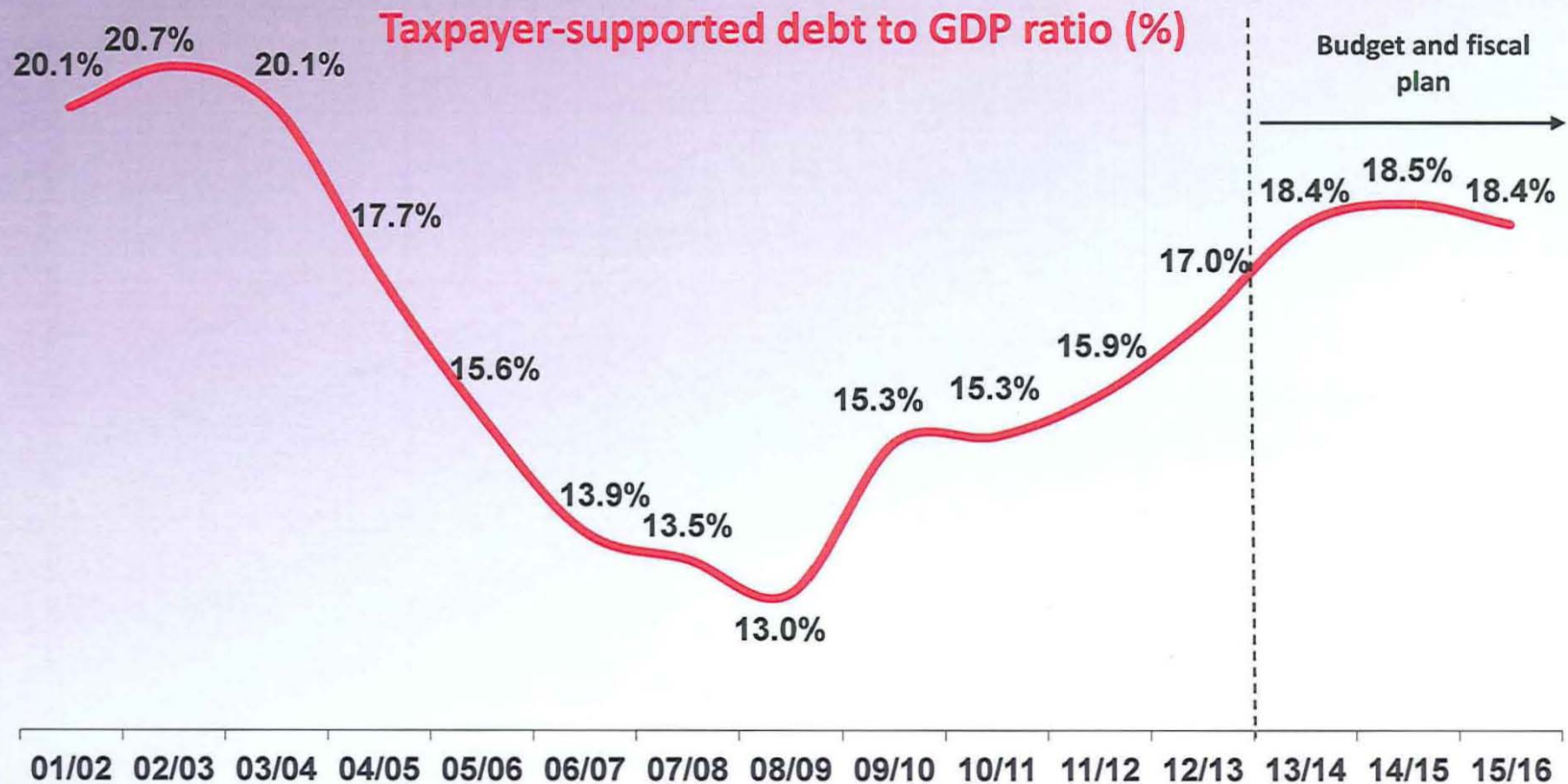


## ***Fiscal Framework Funding Capital Projects***

- Most taxpayer-supported capital projects are funded through borrowing (debt).
- Expansion of capital program results in more debt and impacts debt to GDP ratio.
- Total debt and debt to GDP ratio affects the Province's credit rating (currently AAA, highest)

# Fiscal Framework

## Debt to GDP Ratio





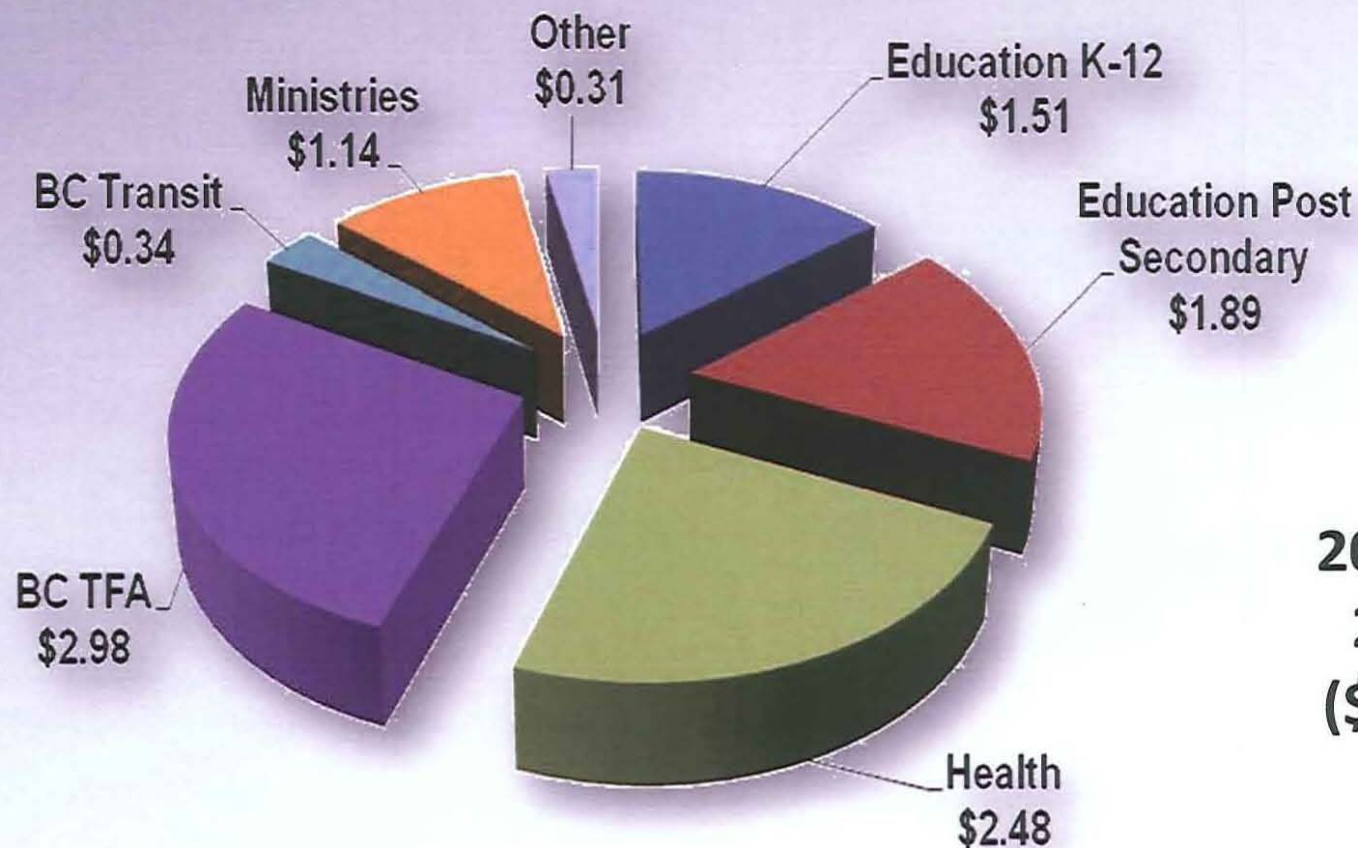


## ***Capital Plan Budget Update 2013***

Capital spending of \$18.6 B over three years  
(2013/14 to 2015/16):

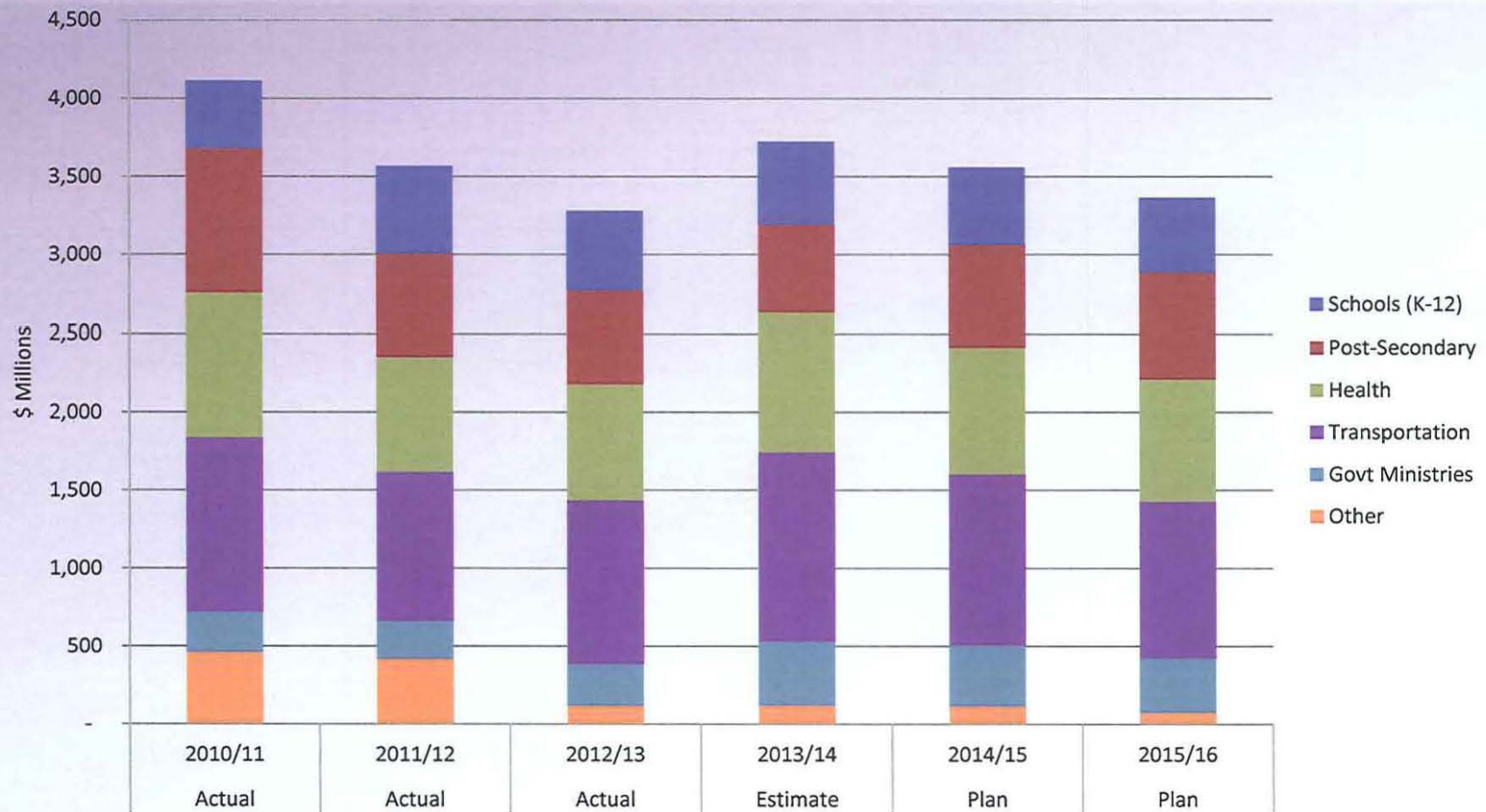
- \$10.6 B is for taxpayer-supported investments
- \$8.0 B is for investments by self supported Crown agencies

## ***3 Year Taxpayer-Supported Capital Spending by Sector***



**2013/14 to  
2015/16  
(\$ Billions)**

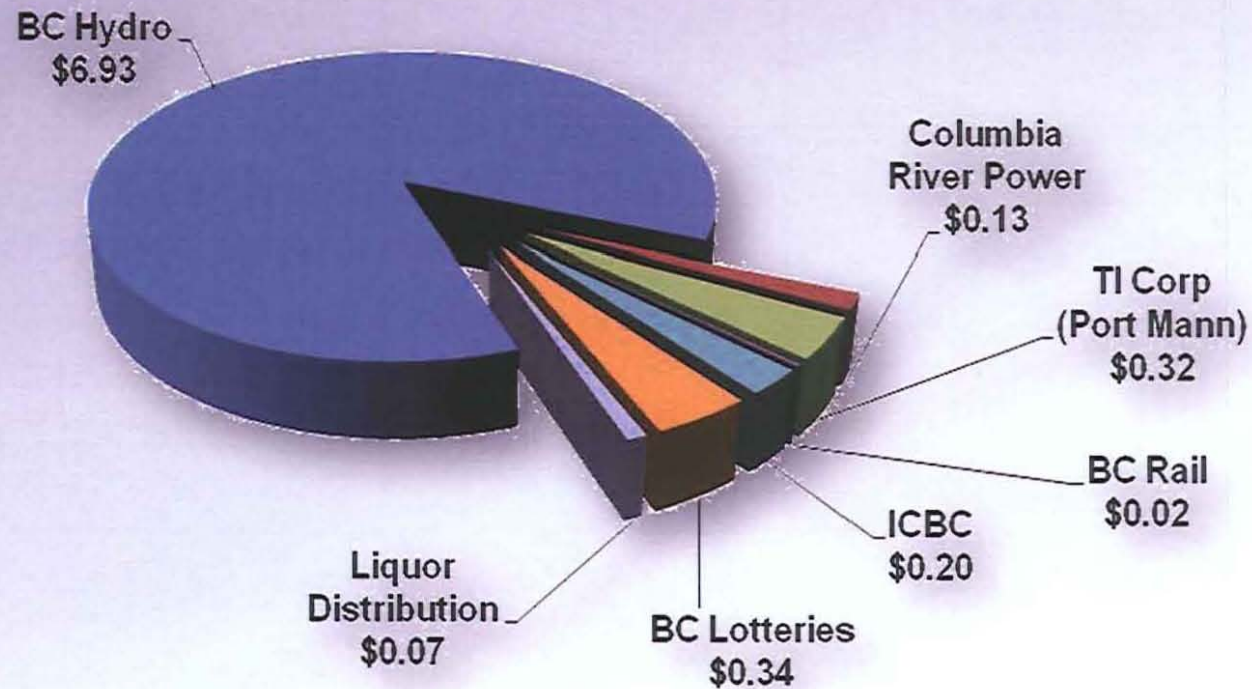
# Taxpayer –Supported Capital 2010/11 to 2015/16



Slide14



## ***Self-Supported Capital Spending by Sector***



**2013/14 to  
2015/16  
(\$ Billions)**

# Questions?



Slide16



# Deputy Ministers & Industry Infrastructure Forum

## COMMUNICATION BULLETIN

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**Date of Meeting:** July 25, 2013

**Attendees:**

Ross McLean (Forum Co-Chair)	BC Construction Association Board Chair
Peter Milburn (Forum Co-Chair)	Deputy Minister, Finance
Joan Hendriks (on behalf of P. Becker)	Manager of Registration and Licensing, Architectural Institute of BC
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Philip Hochstein	President, Independent Contractors & Businesses Association of BC
Sabine Feulgen	Assistant Deputy Minister, Treasury Board Staff, Finance
Nancy Merston (Forum Secretariat)	Strategic Advisor, Treasury Board Staff, Finance

**Regrets:**

Manley McLachlan	President, BC Construction Association
Stephen Brown	Deputy Minister, Health

**SUMMARY:**

- We agreed there is value in strengthening the relationship between government and the segment of the construction industry building capital assets such as schools, hospitals and other buildings.
- In our first meeting, the objective was to gain some understanding of the members' perspectives and discuss potential outcomes and expectations for the work of the Forum.
- Our immediate focus will be on issues that are within the scope of the industry and the ministries on the Forum. There may be opportunities in the future to share best practices developed through the Forum with a broader public sector audience.
- Forum members provided input into the Draft Terms of Reference, which will serve to guide the Forum and may be revised from time to time.
- Government presented an overview of the capital planning process, highlighting the legislative and fiscal frameworks as well as capital spending by sector over the next three years. The Debt to GDP ratio is a key consideration in determining the level of taxpayer supported capital spending available.
- Industry presented an overview of the key issues impacting industry; discussion followed regarding labour movement and market demand for skilled labour. Forum members agreed this will be one of the areas the Forum may explore further.
- We plan to meet again in the fall





# Deputy Ministers & Industry Infrastructure Forum

Meeting: October 1, 2013 10:00 a.m. to noon  
BC Construction Association Offices- 401 - 655 Tyee Road, Victoria

## Attendees:

Ross McLean (Forum Co-Chair)  
Peter Milburn (Forum Co-Chair)  
Joan Hendriks (for Paul Becker)  
Sean Brock (via videoconference)  
Terry Brown  
Steve Fleck  
Brad Popoff (via videoconference)  
Rick Wagner  
Pete White  
Sarf Ahmed  
Sandra Carroll  
Sabine Feulgen  
Grant Main  
Sarah Clark  
Manley McLachlan  
Nancy Merston (Forum Secretariat)

BC Construction Association Board Chair  
Deputy Minister, Finance  
Manager of Registration & Licensing, Architectural Institute of BC  
Vice-President & District Manager, PCL Constructors Westcoast Inc.  
President, STBR Consulting Ltd.  
President, ACEC-BC, Stantec Consulting Ltd.  
President, Equity Plumbing and Heating Ltd.  
President, Maxwell Floors Ltd.  
President, Kinetic Construction Ltd.  
Associate Deputy Minister, Technology, Innovation & Citizens' Services  
Deputy Minister, Advanced Education and Education  
Assistant Deputy Minister, Treasury Board Staff, Finance  
Deputy Minister, Transportation & Infrastructure  
Vice President, Partnerships BC  
President, BC Construction Association  
Strategic Advisor, Treasury Board Staff, Finance

## Guest:

Scott MacDonald

Assistant Deputy Minister, Jobs, Tourism and Skills Training

## Regrets:

Philip Hochstein  
Stephen Brown

President, Independent Contractors & Businesses Association of BC  
Deputy Minister, Health

## Agenda:

- |   |                  |
|---|------------------|
| <b>1. Welcome and Opening Remarks</b>                 | Ross McLean      |
| <b>2. Adoption of Agenda</b>                          | Ross McLean      |
| <b>3. Minutes of Previous Meeting</b>                 | Ross McLean      |
| <b>4. Action Items</b>                                |                  |
| a. Review Terms of Reference v2                       | Ross McLean      |
| <b>5. Discussion Items</b>                            |                  |
| a. Industry's Bid Central Procurement process         | Manley McLachlan |
| b. Government's perspective on e-bidding developments | Sarf Ahmed       |
| c. Industry's Labour Market Projections               | Manley McLachlan |
| d. Government's perspective on the Labour Market      | Scott MacDonald  |
| <b>6. Other Business</b>                              | Ross McLean      |
| <b>7. Next Meeting</b>                                | Peter Milburn    |
| <b>8. Adjournment</b>                                 | Ross McLean      |

**DEPUTY MINISTERS & INDUSTRY INFRASTRUCTURE FORUM**  
**Terms of Reference**

**PREAMBLE**

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- b) To create a cooperative environment where public construction procurement processes strive to achieve the fullest utilization of construction industry resources and to assist public sector owners in achieving the best value for public sector dollars while adhering to the principles of the Capital Asset Management Framework.
- c) To discuss government policy and industry practices as they relate to the delivery of infrastructure, including areas such as procurement, opportunities for education and skills training, and emerging trends.
- d) To provide for the development of recommendations for consideration in the development of government policy that relates to the construction industry, including input into updates of the Capital Asset Management Framework.
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