

PRESS RELEASE

Report Finds Low-Price Costs Governments More in the Long Run

QBS Canada (a multi-industry advocacy group that promotes an alternative to low-cost contract award processes) today released a report on the advantages of hiring architecture, engineering, and construction management/general contractor (AEC) services using a process that focuses on the qualifications of the bidders, rather than low-price.

The report illustrates how price-based Request for Proposals (RFP) and other “best-value” procurement methods have put the public at risk, cost taxpayers more money, and have failed in providing the highest value when engaging AEC professionals. Progress toward using Qualifications-Based Selection (QBS) is being made however via changes through legislative acts and “evidence-based decision making.”

Research cited in the report indicates average low-bid construction projects go over budget by 10% but when qualifications (excluding price) are the initial selection factor, construction overages are only 3%. That means taxpayers could be saving tens of millions of dollars of unnecessary spending each year if governments simply switched to a Qualifications-Based Selection process instead of a price-based RFP or “best-value” process.

Qualifications Based Selection is growing in popularity across Canada and has been required by law in the United States federal government since 1972. As well, 47 states have QBS legislation. For over a decade the Federation of Canadian Municipalities has identified QBS as the “best practice” when hiring architects and engineers for infrastructure projects.

Earlier this year the Government of Canada announced it will be undertaking a QBS pilot project.

QBS Canada President Cal Harrison noted that “QBS is supported by virtually every professional engineering, architecture, and construction association around the globe”.

“There is a mountain of evidence illustrating that by favouring low-bidders, current procurement processes cost end-users more money than if they focused on selecting the most qualified firms and then negotiating a better project solution and a fair price with just that one firm.”

Harrison compared the QBS process to hiring employees. “When you hire a staff architect for example do you select the cheapest one? Of course not - you tell candidates here’s the salary we can afford to pay, and here is the expertise that we

require. If you are interested, tell us why you are the best candidate. And then after reviewing resumes and doing interviews, you find the best candidate and you negotiate final terms and salary with only that one. So why do we demand low-bids from architects, engineers and construction management experts when we hire them as contractors? It's kind of embarrassing that Canada is so far behind the rest of the world on this best practice. Especially since it costs nothing to start using QBS, it provides a better end-product, and it saves taxpayers money."

QBS Canada recently asked Winnipeg mayoral and councillor candidates if they would "explore the implementation of Qualifications Based Selection (QBS) for the procurement of architecture, engineering and construction management services at the City of Winnipeg?"

Of 9 mayoral candidates only 5 responded and of 40 city councillor candidates only 20 responded.

"What the survey shows is a disappointing lack of interest by election candidates, especially the incumbents, in even just exploring - never mind implementing - new and better ways to reduce our taxes while also improving the quality of infrastructure" said Harrison.

"The lesson here is that while all governments are constantly speaking about innovation, when offered a chance to explore an already proven and innovative process most didn't even respond. As taxpayers we deserve action, not slogans, from our elected leaders and administrators."

While the report focuses on architecture, engineering, and construction management/general contracting, Harrison points out that QBS is the best procurement process for anything that is "custom, complex, and costly" including things like advertising agency, IT, management consulting, and legal services.

A complete copy of the report titled *Qualifications-Based Selection (QBS): Best Practice for Architecture, Engineering and Construction Management/General Contractor Procurement in Canada* is available for free at QBSCanada.ca

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About QBS Canada

QBS Canada is a coalition of associations, companies, and professionals advocating for the use of Qualifications Based Selection (QBS) when hiring professional services firms in Canada.