



Concept Symposium 2016

Governing the Front-End of Major Projects

The Evolution of the Quebec Governance Framework



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The management of large public infrastructure projects is an important issue in Quebec (Canada), with yearly investments averaging 10 billion CAD, about three times more than before 2007. The main objective of the Quebec governance framework is to frame rigorously infrastructure projects, especially in the front-end and in the planning phases. Based on the Norwegian and the United Kingdom experience, the Quebec framework aims at preventing overspending, delays, and managing responsibly the public funds. All major infrastructure projects, defined as over 50 million CAD, and under provincial jurisdiction, have to comply with this governance framework.

From its initial implementation in 2008, the Quebec governance framework was revised in 2010, and again in 2014. Those revisions happened because the actors involved in its implementation have reflected on this experience and learned from the enactment of the framework into projects. Several organizational changes resulted from this ongoing evolution of the framework. Although some researchers have investigated the use of governance framework for public projects, little research has been done in this regard in Quebec, which constitutes an important gap.

The current doctoral research project aims to understand the governance of large public infrastructure projects of Quebec and how it is enacted in practice. A multiple-case study in the Quebec government has been conducted, composed of four cases, each being a major infrastructure project having to comply with the Quebec governance framework for public infrastructure projects. The analysis is undergoing, and will allow us seeing how the governance framework is applied in various situations, what common patterns emerge and what are the distinctive specificities. Moreover, it will help to define more accurately the effectiveness of governance frameworks in practice, and the role of the main actors involved in projects.

This presentation will introduce the Quebec Governance framework and its characteristics: the different project phases, the process of approbation, deliverables, and main actors. Then, the evolution of the governance framework from 2008 to 2016 will be mapped out. Finally, insights into the reasons behind this evolution regarding the context in Quebec and the results of this evolution will be offered.

Evolution of the Quebec Governance Framework

Presented at Concept Symposium, Stavanger
September 8, 2016

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Agenda

- Context
- Doctoral research question and method
- The Quebec governance framework
- The evolution of the framework
- Conclusion
- Questions and discussion

Context

- In Quebec, public infrastructure investments are estimated at \$ 8.8 billion per year for the next 10 years, of which 70% of those investments will be delivered as major projects
- Québec adopted a governance framework in 2008, inspired by the Norwegian and British models
 - Second version in 2010
 - Third version in 2014
 - Front-end phase of individual projects of over \$ 50 million
- In 2011, further changes were required to improve the planning and management of individual infrastructure projects (Rapport VG 2011; SECOR-KPMG 2012)

Doctoral research question and method

- How is a governance framework for major public infrastructure projects translated into practice?
- Exploratory, qualitative research
- Multiple case study
 - 4 major projects in Quebec
 - Fieldwork from September, 2015 to June, 2016
 - Total of 43 interviews, observation of 21 meetings
- Grounded theory
 - Intra-case analysis, then inter-case
 - Iterative cycles

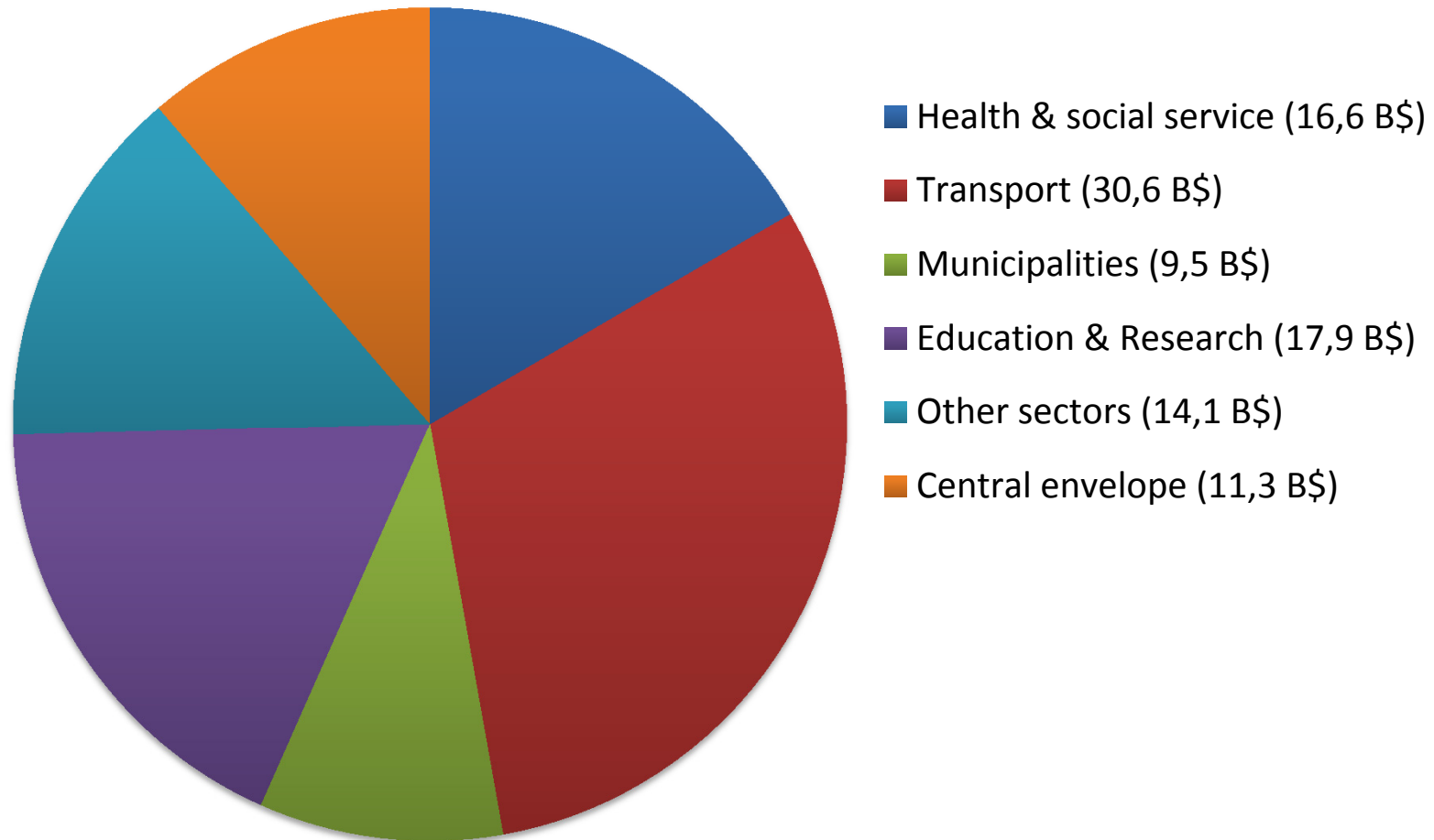
Law on public infrastructures (LIP)

- Adopted en 2013
- Infrastructure public investments planning
 - 10 years Portfolio: Plan québécois des infrastructures, actualized every year
- Allow the Quebec Treasury Board to emit directives concerning the planning and management of public infrastructure
- Constitution of Société québécoise des infrastructures (SQI) – November 13th, 2013

Quebec's infrastructure investment plan

- Le Plan québécois des infrastructures (PQI) 2016-2026 anticipates total investments of CAD 88,7 billion, of which:
 - 53 B\$ for assets maintenance
 - 22 B\$ for replacement and improvement of actual infrastructures (determined projects)
 - 14 B\$ for eventual projects, not yet determined

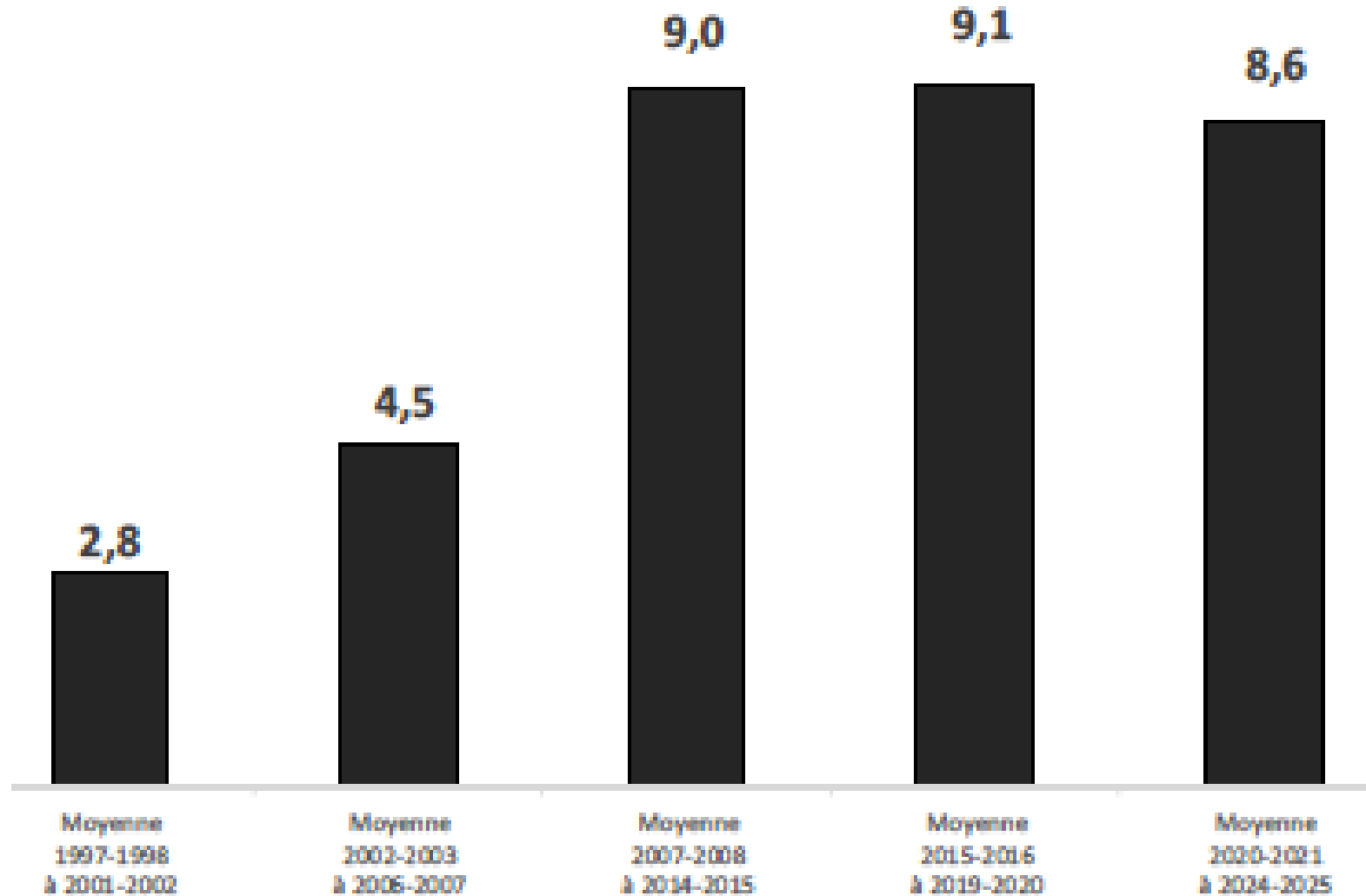
Investments by sectors



Major Projects in PQI

	Executing phase	Planning phase	Evaluating phase	Total
Health & social service (16,6 B\$)	11	6	8	25
Transport (30,6 B\$)	38	25	25	88
Municipalities (9,5 B\$)	10	10	3	23
Education & Research (17,9 B\$)	-	2	3	5
Other sectors (14,1 B\$)	9	3	4	12
Central envelope (11,3 B\$)				-
Total	68	46	43	153

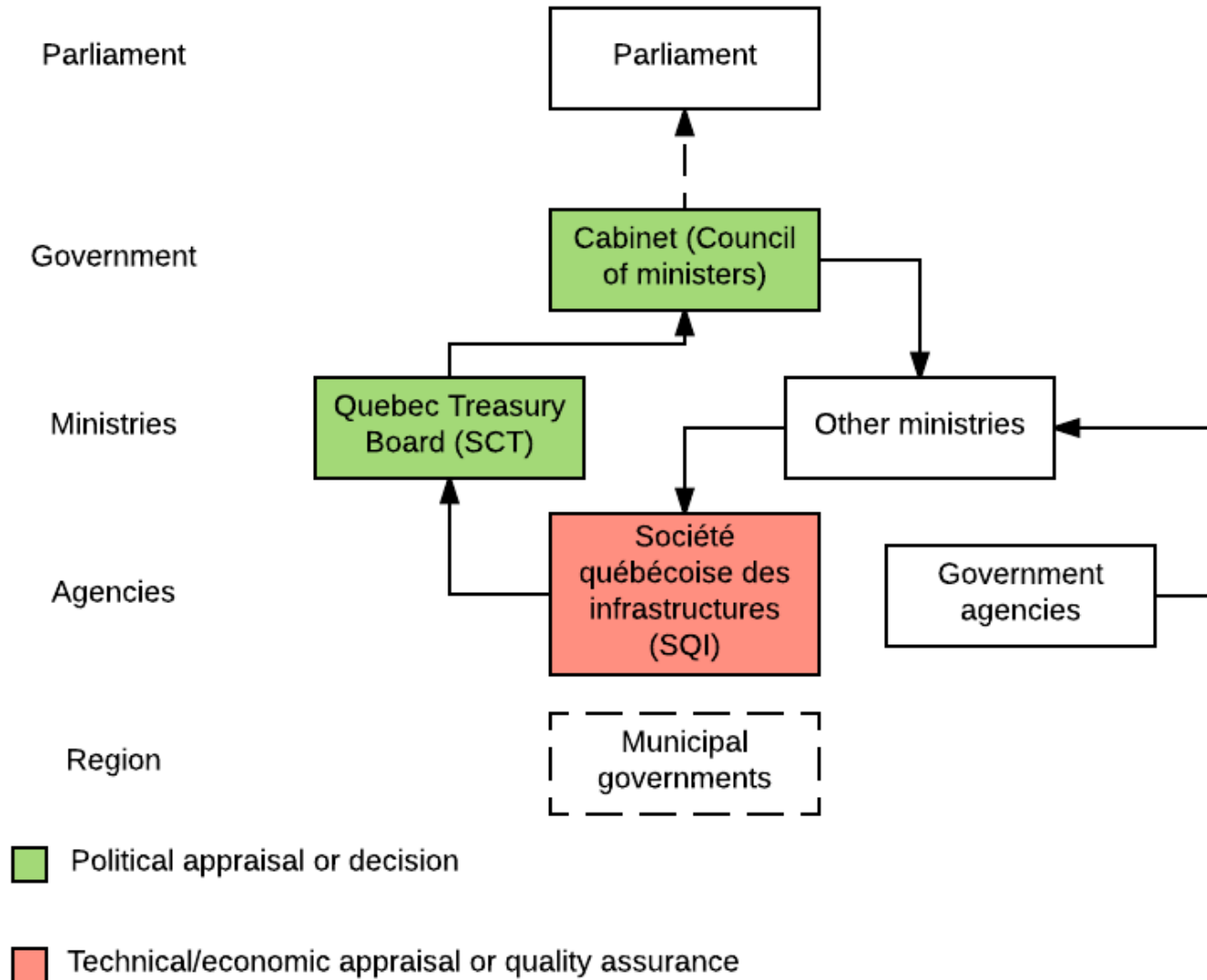
Evolution of public investments (B\$)



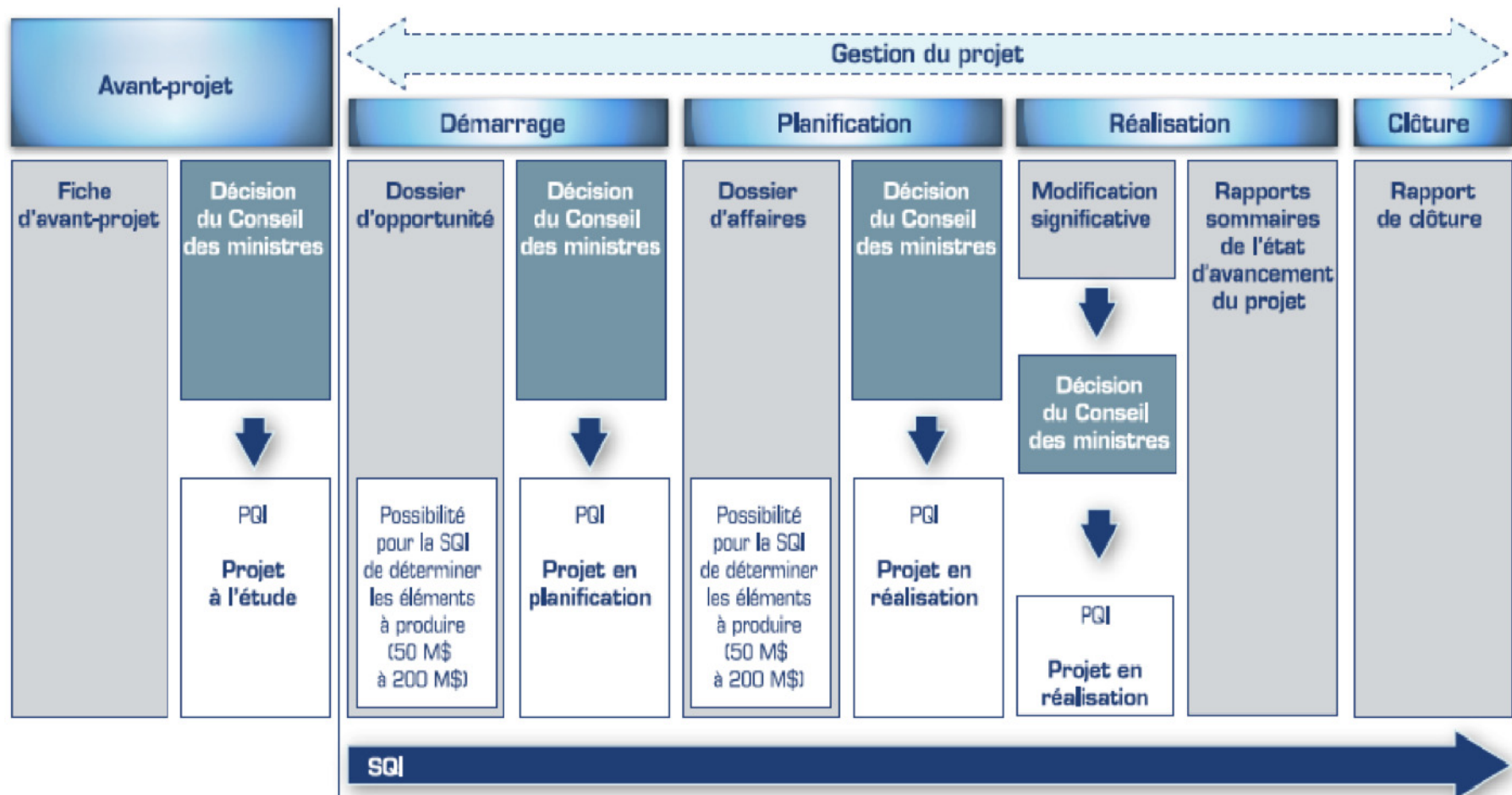
Objectives of the Qc framework

- Best and optimal practices
- Better selection of projects (according to needs)
- Imputability
- Long term, global vision
- Quality of infrastructures
- Respect of costs, time and scope
- Standardisation of project management practices
- Transparency

Parties and roles



Quebec Governance Framework



Projects covered

- Large infrastructure projects (+50M\$)
- SQI for all projects but transport (managed by the Ministry of Transport)
 - Project manager
 - In association

1-Strategic presentation document

- Initially instigated by the Ministry sponsoring the project
- Has to be approved by the Council of ministers
- Once approved, the project is included in the portfolio
- Content:
 - 1-Brief description of needs
 - 2-Preliminary estimation of total project costs
 - 3-Preliminary estimations of costs for the production of OC and BC

2-Opportunity Case

- Usually around 1 to 1 ½ year
- Content:
 - 1-Needs analysis
 - 2-Project specifications
 - 3-Possible options and evaluation
 - 4-Choice of the best long-term option, and justification
 - 5-Annual investments allocation
 - 6-Main economic and financial variables
 - 7-Estimations of costs for the production of BC
- Conceptual appraisal submitted by project team (SQI, Ministry and professionals) for review at Treasury
- Approval at the Council of ministers

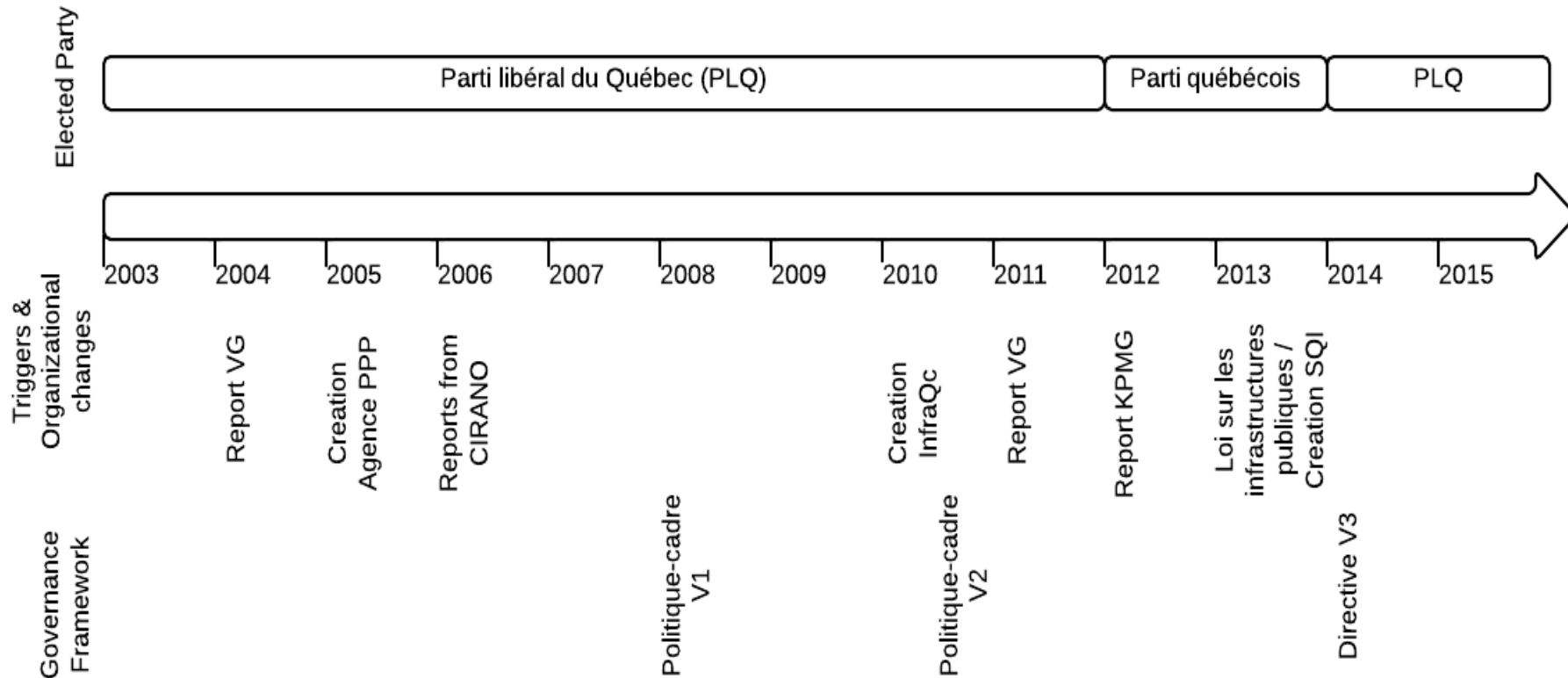
3-Business Case

- Usually around 1 ½ to two years
- Content:
 - 1-Project scope
 - 2-Project schedule
 - 3-Project management plan
- Preliminary plans and specifications submitted by project team (SQI, Ministry and professionals) for review at Treasury
- Approval at the Council of ministers

4-Project Execution and Closing

- Project reports have to be given to the Quebec Treasury Board (SCT) about twice a year for the execution phase, and once the project is closed for the final report
- Additionally, if there is a modification to the project scope and costs, the project manager has to formally ask for approbation of this modification to the Council of Ministers

The evolution of the framework



Modifications from past versions

- Institutionalized framework: from an administrative policy to a legal document
- Threshold of 40M\$ raised to 50M\$
- More emphasis on front-end, approval at the Council of ministers (justification of needs)
- No more quality assurance by outside consultants (done internally)
- Before there was 5% of costs estimates that could be used without further approvals, now reduced to 0%
- Project manager for all major projets: Société québécoise des infrastructures (SQI) or MTQ

Triggers and outcomes

	Triggers	Outcomes (main points)
V1 Politique-cadre 2008	<ul style="list-style-type: none"> • Report by Auditor general (2004) • International benchmarking (2006) 	<ul style="list-style-type: none"> • Administrative policy • Agence PPP • Quality assurance by private actors (experts consultants) and Treasury • PPP projects by default (otherwise had to be justified)
V2 Politique-cadre 2010	<ul style="list-style-type: none"> • Political reorientation, governance framework to encompass all major projects, not only PPPs 	<ul style="list-style-type: none"> • Infrastructure Quebec • Conventional contracting by default, otherwise had to be justified • Approvals: Gate 1 – ministry sponsoring the project; Gate 2-3 – Council of ministers
V3 Directive 2014	<ul style="list-style-type: none"> • Report by Auditor general (2011) and independent firm SECOR-KPMG (2012) • Law on public infrastructure (2013) • Political reorientation to develop quality assurance internally 	<ul style="list-style-type: none"> • Legal document • Project manager: Société québécoise des infrastructures (SQI) or Ministry of transport (MTQ) • Quality assurance by SQI and Treasury • No formal need to consider different contracting modes • Approvals: All gates approved by Council of ministers

Some projects under QGF

- MUHC – 1,1 B\$, 2004-2015



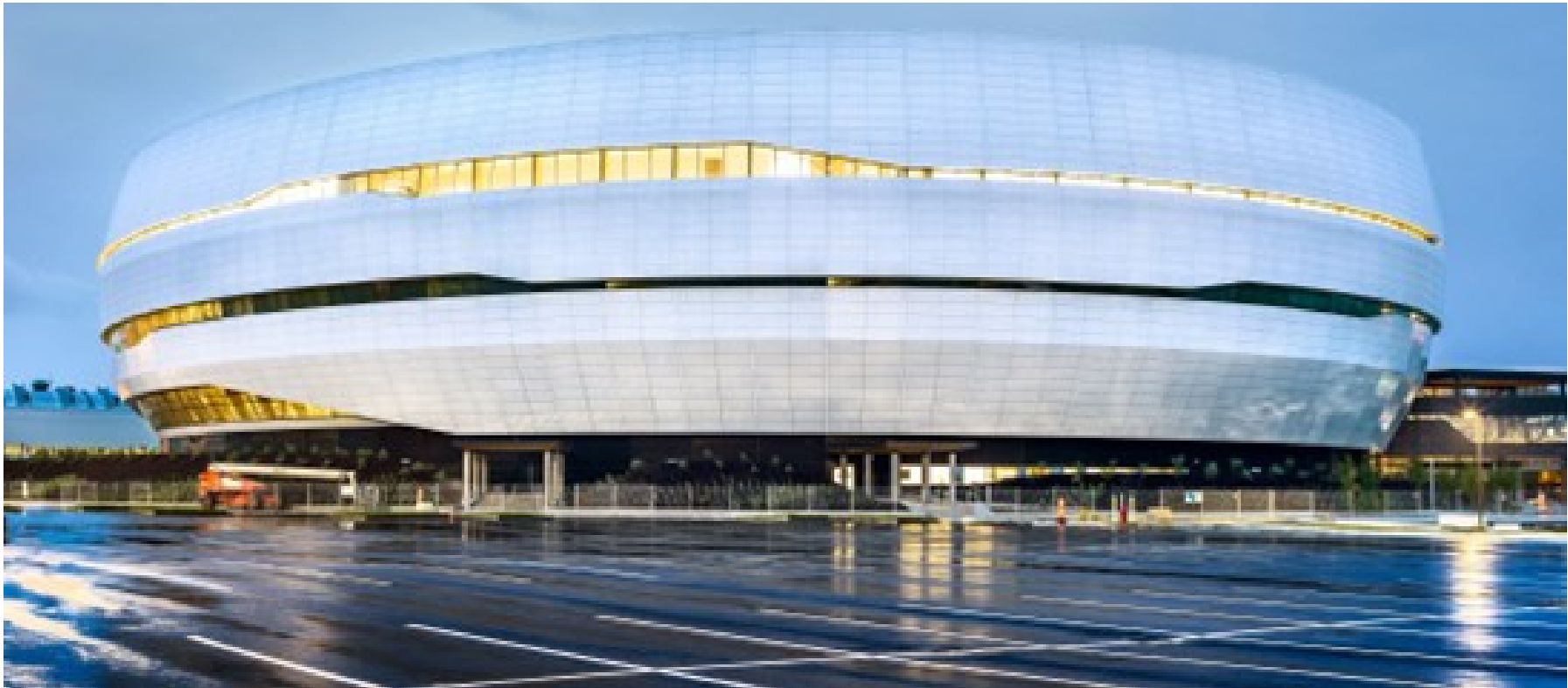
Some projects under QGF

- Turcot interchange – 3,19 B\$, 2018



Some projects under QGF

- Quebec Amphitheater – 400 M\$, 2012-2015



Conclusion

- Evolution from past version:
 - consolidating the regulative aspects
 - developing internal expertise
 - now more emphasis on broader benefits – initial justification of project needs approved at higher level
- Many changes over the past years: actors are still learning and adjusting to the framework
- Still other changes are expected in the near future: need for research on performance, for training and change management

Questions and comments

Thank you for your attention!



References

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PROJECT MANAGEMENT RESEARCH CHAIR'S PARTNERS

