

# One way pension funds could help Ottawa on infrastructure: introduce them to the right global players

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Canada's pension giants have yet to reach an agreement with Ottawa on how — or whether — to work together to push the government's infrastructure agenda, but the head of one fund says a solution might lie in the large institutional investors' networks of international contacts.

Ron Mock, chief executive of the Ontario Teachers' Pension Plan Board, told the Financial Post Tuesday that the pension fund could potentially contribute by introducing its global partners to the domestic market.

"We're talking or at least engaging in this conversation around Canada [and] not just around the Canadian pensions," Mock said following the annual meeting of the Canadian Coalition for Good Governance in Toronto. "There are global players that could be attracted to come here and invest in infrastructure."

Talks with the pension's partners around the world would explore "how could we provide a platform for Canada where the desire to have the capital come in is there," Mock said.

Since the Liberals were elected last fall, the federal government has made no secret of the fact that it would like the country's biggest pensions, including Teachers' and the Canada Pension Plan Investment Board, to bring their success in infrastructure investing around the world to home turf.

Mock said one of the issues is that most of the projects the government would be proposing are "greenfield" — meaning built from scratch — as opposed to those in which investors assume ownership and management of an existing piece of infrastructure such as a toll road, oil pipeline, or airport, as Canadian pension giants have done around the world.

But he noted that Teachers' has partners with greenfield expertise, which could be brought to bear. The largest single-profession pension plan in Canada is also developing some expertise of its own, including in the area of renewable energy, Mock said.

Still, there are no plans to undertake a major greenfield development in Canada at this time.

"You don't want to get out over the tips of your skis on that front," Mock said. "This is a different level of operating. So where we have it (the expertise), we do it."

Smaller private-public partnerships, such as hospitals, are not appealing to large pensions, which need size and scale in their infrastructure investments, he said. Large transportation projects would be more appealing, provided they could be structured on commercial terms with sufficient risk-adjusted returns.

“We’re talking, should we build a high speed train between Toronto and Windsor, [that] kind of stuff,” Mock said, “and do we need a few more airports, or should we do something with the airports we’ve got?”

He said he isn’t close enough to discussions on timing to weigh in on whether the government can provide what the Canadian pensions and their partners are looking for within the Liberals’ first term.

But he said it is clear the Ottawa, and the Ontario government, are serious about trying, including studying models in Australia and the United Kingdom.

“I think they’re trying to figure out the best of the best of the best, and then apply it to our own backyard,” Mock said. “They’re on it.”

Last week, federal finance minister Bill Morneau said he is “optimistic” the government will find a way to include Canada’s pension giants in a domestic project.