

Ottawa to make 'unprecedented' appeal for private investment in infrastructure

[Bill Curry](#)

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Like a high-stakes episode of *Dragons' Den*, Prime Minister Justin Trudeau and some of his senior cabinet ministers will spend the day behind closed doors at Toronto's Shangri-La hotel, pitching investors on why they should park their billions in Canada.

Monday's private gathering has been divided into two: The morning is reserved for Canadian-based pension funds, banks and other investors, while the afternoon session is primarily focused on BlackRock Inc., the world's largest asset manager.

BlackRock's senior managing director is Mark Wiseman, who was recently head of the Canada Pension Plan Investment Board. He is also a member of the government's advisory council on economic growth.

Provincial and municipal governments have long pursued public-private partnerships – or P3s – for projects such as hospitals and highways, but observers say they have never seen such a concerted and direct appeal from the federal cabinet for private investment in infrastructure.

“I think it's unprecedented,” said John Manley, a former federal finance minister who is now president and chief executive officer of the Business Council of Canada. “I think it's a recognition of the fact that we have huge needs in this category and that there are some advantages to bringing in some outside capital with some of the disciplines that come with that in terms of execution of projects.”

Finance Minister Bill Morneau's fall fiscal update outlined a plan to spend more than \$186-billion on infrastructure over 12 years and the money has been roughly divided among ministers along policy lines such as environmental infrastructure, transit and trade.

Ottawa is hoping to leverage at least \$35-billion through a new Canada Infrastructure Bank that would package government money with private funds to build more projects more quickly.

Projects envisioned by the bank would go beyond traditional P3s, in which a private firm or consortium is contracted to build and maintain a public asset. The difference would be an increased focus on attracting partners who would make an equity investment in the project in exchange for a negotiated return.

Mr. Trudeau is scheduled to speak with reporters Monday afternoon to discuss his government's efforts to attract investment.

Critics – including labour leaders and the NDP – warn the move to non-traditional P3s would make projects more costly to government in the long run in comparison with those that are fully funded with public dollars or government debt. Advocates argue private involvement leads to efficiencies, limits public debt and frees up government money to build more infrastructure.

At stake is whether the federal Liberal plan to boost economic growth through infrastructure spending will succeed. The fall fiscal update revealed that Ottawa is expecting larger deficits than those outlined just a few months ago in the March budget.

Liberals hope stronger growth will improve Ottawa's bottom line in the coming years, but experts warn that will only happen if the spending is focused on projects that will have a broad economic benefit, such as better ports or measures that reduce urban congestion.

At the same time as Mr. Trudeau and his ministers are meeting with investors, The Canadian Council for Public-Private Partnerships is playing host to a major international conference nearby.

Federal Transport Minister Marc Garneau and Infrastructure Minister Amarjeet Sohi are both scheduled to speak, as is Ontario Premier Kathleen Wynne. The conference will include a significant focus on the U.S. approach to P3s, with speeches from U.S. officials as well as David MacNaughton, Canada's ambassador to the United States.

Talk during the panels and in the corridors is likely to include assessments of the implications of Donald Trump's election-night victory. Mr. Trump promised to renegotiate the North American free-trade agreement, but he has also pledged to seek major investment in U.S. infrastructure projects.

Mr. Trump's platform promised to increase spending on roads, bridges, tunnels, airports, railways, ports, waterways and pipelines "in the proud tradition of President Dwight D. Eisenhower, who championed the interstate highway system."

To pay for this, the platform pledged to leverage new revenue with financing authorities and public-private partnerships.

Mark Romoff, president and CEO of The Canadian Council for Public-Private Partnerships, said Canadian firms are already winning large infrastructure contracts in the United States and the language in Mr. Trump's platform suggests there will be opportunities for Canadian infrastructure firms.

"As that market opens up even more, which would appear to be the case with the kind of statements that president-elect Trump is making, then I think everybody's quite encouraged by that," he said.

