

## Infrastructure agency would help federal government with Canada's future mega-projects

September 28, 2016 by **Andy Manahan**



When Prime Minister Justin Trudeau announced Canada's intentions to join the Asian Infrastructure Investment Bank (AIIB) during his recent trade mission to Beijing, it signaled two things: firstly, it was a tactical geo-political move to show interest in trading with that region; secondly, it was a reaffirmation of his government's belief in the role infrastructure plays in nation-building.

Infrastructure not only gives local economies a boost, it also creates jobs and raises the level of the average person's standard of living.

It was expected that Canada would apply to join the AIIB by the end of September (this article went to press before this was confirmed); new members may be added in early 2017.

Even though this will be an important political move on the international front, the government could reap the benefits of its election platform pledge domestically by creating its own Canadian Infrastructure Investment Agency (CIIA).

This CIIA would help the government research and prepare for the largest infrastructure projects that the country will build to fulfill its 10-year, \$120-billion commitment. It would act as a centre of excellence to support big decisions on the country's future mega-projects (projects with capital costs of \$100 million or more).

This could be the most critical era for infrastructure investment in Canada's history. With the federal government's pledge to give the economy a much-needed boost and enhance the standard of living, a thoughtful approach is necessary to deliver the right infrastructure for the Canadian public.

And that's where the CIIA comes in. These important decisions can help or hinder local and regional economies for decades. If poor decisions are made, this can result in non-productive outlays as well as increase the chances of cost overruns. But if the right decisions are made, economies can reap the economic multiplier benefits of infrastructure. According to the 2011 federal government report, Finance

Canada's "Canada's Economic Action Plan: A Seventh Report to Canadians," every \$1 spent on infrastructure leads to \$1.60 worth of economic spin-off benefits.

Matti Siemiatycki, an associate professor of geography and planning at the University of Toronto and a popular speaker on infrastructure, recently wrote a report on the subject that was commissioned by the Residential and Civil Construction Alliance of Ontario (RCCAO).

From Siemiatycki's report – "Implementing a Canadian Infrastructure Investment Agency" – here are three key report recommendations:

- The CIIA would have an advisory role.
- It would develop standard evidence-based project evaluation tools to assess mega-projects with capital values of \$100 million or more by private/government backers seeking federal funding.
- The CIIA would create high standards for transparency, accountability and capacity building.

Creating and operating a CIIA would allow the federal government to maximize long-term returns on investment through a more comprehensive approach to project financing, selection and delivery.

This would be an arm's-length agency created to advise the federal government on how to allocate funding for Canada's largest infrastructure projects. To ensure that the process would be an accountable and evidence-based one, the agency would not have decision-making power.

"This national centre of excellence would support rigorous project planning and evaluation, procurement best practices and project financing under a single roof," Siemiatycki says.

He adds that the models that he based his report on are from Australia and the U.K.: Canada should learn from their successes and mistakes. Based on a review of the current Canadian institutional landscape and international best practices, the report says the CIIA would ideally provide a "light touch" approach to improving infrastructure investment decisions and delivery at all orders of government.

"The CIIA would have to be independent from direct government intervention so that it could provide unbiased advice based on the best technical evidence available," says Siemiatycki, who authored the report as a follow-up to "Creating an Effective Canadian Infrastructure Bank" (CIB), which was released in February.

For commissioning Siemiatycki's CIB research, we were honoured to receive a letter of thanks from Finance Minister Bill Morneau, who encouraged the alliance to continue its engagement with finance and infrastructure officials.

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