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Heard: Building group urges Liberals to be more aggressive in selling Crown assets

By John Valorzi

The Ontario government should take a bolder move to sell Crown assets to help finance transit projects and other infrastructure, says a report by a provincial building group.

The advocacy report released Wednesday by the **Residential and Civil Construction Alliance of Ontario** (RCCAO) called for the government to take a more aggressive approach to "asset recycling" as a way to finance infrastructure.

The report aims to provide advice to both the Premier's Advisory Council on Government Assets chaired by former TD Bank CEO **Ed Clark** and to the Ontario government directly.

In an interim report last month, Clark recommended the government keep its main Crown assets - OPG, Hydro One and the LCBO - but said parts of Hydro One could be sold to the private sector and other efficiencies found to make the companies more profitable.

Clark has asked for public input on his initial report as he prepares a final report before next spring's provincial budget.

Advocacy report author **Michael Fenn** said "the goal of the study is to provide objective and practical guidance to decision-makers on how capital assets held by the province might provide better returns."

"If properly structured," Fenn concludes that "asset recycling can be used at each stage of the public asset's lifecycle, from asset acquisition through public-private partnerships (P3s) or concessions, through asset management by private operators, and finally, to the full or partial sale, lease or joint venture as part of a government disposition of non-core public assets."

Fenn, a business consultant who was once a deputy minister and CEO of the Metrolinx transit agency, authored a report for the University of Toronto's Mowat Centre think tank earlier this year that also recommended asset-recycling, selling legacy assets and using the money to build public projects or refurbish existing infrastructure.

In that report, he noted that countries such as Britain, Australia and the U.S. have used asset-recycling to raise billions of dollars in revenue that is being put to public use.

Andy Manahan, executive director of **RCCAO**, an alliance of businesses and unions in the construction industry, said Fenn's report speaks to a glaring need in Ontario. "If the province is unwilling to consider new revenue streams to help build infrastructure, then a much more ambitious public asset recycling program will be required to achieve the targets."

Among other things, asset recycling would enable public-sector pension funds, like the Canada Pension Plan, which invests billions in infrastructure outside the country, to invest more at home.

The report also says the federal government should create a Canada Infrastructure Sustainability Bank to help finance infrastructure projects.

"We need to approach the challenges of infrastructure renewal and expansion not with an incremental, episodic or project-by-project approach," Fenn said. "We need 'joined-up' policy and programs, reflecting grander scale, quicker delivery cycles and better intergovernmental collaboration."