

Remarks to the Standing Committee on Finance & Economic Affairs

'Impact of COVID-19 on the Infrastructure Sector'

Ontario Legislative Assembly

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Introduction

- Chair, Vice-Chair, and Members: Thank you for this opportunity to address the Standing Committee on Finance and Economic Affairs about the impact of COVID-19 on Ontario's infrastructure sector.
- I represent Asset Management Ontario, a multi-disciplinary community of practice comprised of public infrastructure professionals. Many of our members are from municipalities, but our representation and mandate encompass the public sector more broadly.

Opportunities

- The impact of COVID-19 has been disruptive on Ontario's economy – at the same time, **it also presents opportunities.**
- Part of the Government's economic response to COVID-19 has been to accelerate highway construction and transit projects and get shovels in the ground faster on other projects across the Province.
- These actions recognize that infrastructure activity underpins the foundation of Ontario's economic recovery.
- The Government's infrastructure investments have also included expanding broadband capacity in rural Ontario. Investments like these help to realize the promise of a more inclusive economy that benefits everyday Ontarians.
- Asset Management Ontario's support for these investments is consonant with those of our colleagues at the Association of Municipalities of Ontario, the Municipal Finance Officers' Association, and other organizations.
- The opportunities I want to emphasize are **other** levers in the Government's toolkit to strengthen taxpayer value and promote accountability and trust.
- The three themes that I would like to emphasize relate to the prioritization of infrastructure projects; the alignment of infrastructure funding programs; and enhanced community engagement.

Prioritization of Infrastructure Projects

- **First**, for projects to be shovel ready, there should be **tangible and quantifiable benefits** for every project against common and transparent criteria.
- Furthermore, the assumptions in assessing the proposed benefits should be **rigorously verified**.
- All Ministries and Government Agencies already follow prioritization processes to help determine funding decisions. The opportunity is to make these processes more rigorous and transparent.
- When investment decisions follow rigorous and transparent evaluation processes, it can lead to more effective, sustainable investments, and increase public confidence in the way that infrastructure funds are allocated.
- There is a model for this approach. As a condition to receive provincial infrastructure funding, the Province requires municipalities to show that the investment decisions they are proposing have been informed by comprehensive asset management plans.
- This is catalyzing a shift among Ontario municipalities whereby detailed and effective risk assessment processes are being adopted so that investment decisions are being considered against weighted, enterprise-wide criteria.
- This has resulted in better and more integrated investment planning compared to the way that those decisions were previously decided in functional silos. It has also contributed to improved efficiencies and quantifiably reduced risks.
- To illustrate, when project prioritization and risk assessments are conducted rigorously, cost-benefit analyses of projects are evaluated using whole life-cycle cost analyses, which provide more comprehensive insights into the actual costs of major, multi-year projects.
- Adopting a more rigorous process for evaluating projects and making these criteria transparent will lead to better business cases for investment. The asset management model being required of municipalities is something that can be considered for other sectors that receive infrastructure funding.
- This model also facilitates more responsive scenario planning, the importance of which COVID-19 has brought to the forefront.

Alignment of Infrastructure-Funding Programs

- The **second point** that I'd like to make relates to the alignment of infrastructure-funding programs.
- As we know, the Ontario Government has numerous infrastructure-funding programs administered by different Ministries.
- Although inter-ministerial consultation on funding programs is common, there is an opportunity to achieve a deeper level of integration and coordination: one that ensures funding programs are more aligned in their application, review, and reporting requirements. This could help to reduce red tape.

- Another benefit associated with better alignment and coordination of infrastructure funding relates to taking advantage of potential network effects.
- What this means is that the impact of making infrastructure investments can be amplified when they are designed to be compatible with existing infrastructure and other economic strengths of a particular region.
- Only the Government has a bird's eye view about different funding opportunities across sectors and regions of the Province.
- By improving the coordination and alignment of infrastructure funding programs, the Province increases the chances of identifying and capitalizing on potential synergies of clusters of investments in a particular region – say, Northern Ontario or Southwest Ontario – that local decision makers may not be able to recognize.
- The experience of COVID-19 underscores the critical nature of coordinating and aligning infrastructure funding across regions for maximal benefit.

Engagement

- My **third point** relates to **engagement**. Some of the investments that the Province has committed to – or will be making – will be transformative.
- Consultations for major projects are typically done in the early stages of a project while funding decisions are often promoted through news releases and political events. These are all important channels of communication.
- However, to supplement this, there is an opportunity to engage communities more fully *after* infrastructure funding has been announced.
- This could have pronounced salience because it would enable taxpayers to gain a concrete sense about the possibilities facing them.
- By committing to more extensive engagement related to infrastructure, the Government could facilitate a groundswell of awareness, support, and local pride related to upcoming projects.
- This could positively influence local conversations about what people want their communities to be and help taxpayers see what is made possible by various infrastructure investments.
- COVID-19 has re-emphasized the importance of rallying communities behind a forward-looking vision. The Government's major infrastructure investments provide such an opportunity.

Summary

- To recap, the points I've emphasized include:
 - Implementing a more rigorous and transparent process for prioritizing infrastructure projects through an asset management process;
 - Aligning infrastructure funding opportunities to maximize network effects; and
 - Engaging communities to raise awareness and galvanize support for infrastructure projects.

- Thank you for the opportunity to speak. I welcome your questions.