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Speaking Notes for Perrin Beatty

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Please Check Against Delivery

Thank you, Mark, for your kind introduction and for the opportunity to address P3 Hub Canada.

And thank you to the Canadian Council for Public Private Partnerships for your continued advocacy and policy development on behalf of the P3 sector. All Canadians and Canadian businesses benefit from innovative and modern approaches to infrastructure development.

I want to talk to you today about investment, both by the private sector and by government. It's a word that once had a clear meaning. It still does, when businesses or individuals are committing their own money. They understand that, without a measurable return, what you're doing is spilling money, not investing.

To politicians, however, "investment" has taken on a different meaning. They no longer spend our tax dollars, they "invest" them.

I took a look last night at the introduction to February's federal budget document. In the first two paragraphs, the word "spending" doesn't appear once. But variants of "invest" do — four times in five sentences.

This phenomenon is not restricted to the federal government. I suspect that if we were to do a similar check at the provincial or local level, we would see something similar. What it shows is that, even when politicians' grasp of economics is weak, they still maintain a solid understanding of marketing.

I'm not someone who believes there is no place for government in our economy. Genuine investments in social or physical infrastructure — the ones that allow us to grow our economy and to make our country a safer and better place to live — benefit all of us. But in today's era, where the government's projections see us continuing to slide further into debt every year until I turn ninety, our politicians need to understand that every time they write a new cheque on the taxpayers' account, they are saying that they can put it to better use than you can, that their spending will generate a better outcome than letting you use that money to house your family or build your business.

That's where your organisation comes in. Your members are crucial to ensuring that the federal infrastructure spending benefits from the private sector's expertise and discipline. Your involvement can help free our elected governments from a history of over-time, over-budget infrastructure projects.

Genuine public-private partnerships have never been more needed than they are today. Whatever figure one wants to assign to our infrastructure deficit, it is clear that we have been spending infrastructure faster than we have been investing in it over the last several decades.The private sector has a critical role to play, not just in planning, constructing and operating this infrastructure, but in helping finance it as well. Canada's governments simply don't have the money that's needed to close the infrastructure gap by themselves.

Like all of you in this room, the Chamber network of 200,000 businesses has a strong interest in the long-term federal plan that that will drive the next decade of public infrastructure. Our message to the government on their infrastructure plans has been consistent since before the last federal election. Modern infrastructure is a core component of a competitive economy and we strongly support action to reduce Canada's infrastructure deficit. However, when we are financing these investments with borrowed money, we need to focus on projects that will set us up for future economic success.

After the plan was announced in 2016, we, along with many others, identified the lack of export infrastructure in the plan as a missed opportunity. Sixty percent of Canada's GDP depends on trade, so it is no surprise that of infrastructure options, trade-enabling infrastructure generates the highest return. If the government is going to borrow to build new assets, it should be focusing on building the most productive assets possible.

After all, trade infrastructure is a tool that makes us all wealthier by making Canada more competitive. It helps generate the jobs, economic growth and tax revenues that allow governments to spend on other social, economic and infrastructure priorities. And with the global middle class expected to grow from 1.8 billion today to 5 billion by 2030, we have a massive opportunity for Canadian exporters. But these new customers for Canadian oil and gas, agri-food, timber, ore and other products and commodities will go elsewhere if our trade infrastructure networks are not up to the task.

We were pleased when last year's federal budget made commitments to transportation infrastructure, through funding for the Canada Infrastructure Bank and the National Trade Corridors Fund. It's clear that more can and should be allocated to these kinds of projects. For instance, the new trade corridors fund provides $2 billion in funding over the next 11 years, or just under $200 million per year. The fund's first call for proposals last year solicited $17 billion in funding requested, which led to $10 billion in comprehensive proposals submitted to the government. To repeat, that is $10 billion worth of projects in the first year for a $2 billion fund that is supposed to last for eleven years. The Canadian market is hungry for trade and transportation projects.

For the broader infrastructure agenda, as you heard from Minister Sohi this morning, the government is at a critical juncture. They are shifting from the short-term first phase of its plan to the longer-term phase two. At the same time, they are trying to stand up the new infrastructure bank, both of which are taking more time than they would prefer.

While the government continues to work on these priorities, we at the Chamber are urging them to also focus on the most pressing crisis in Canadian infrastructure: divided jurisdictions and unreliable regulatory processes.

No infrastructure plan will be considered a success if the government cannot address the barriers to private sector investment. The private sector is a more important and dynamic infrastructure developer than governments. The private sector is bigger, moves faster, can take more risk, is more disciplined and thinks longer-term. I sometimes worry that these benefits of private sector investment are taken for granted by our elected officials.

Just a few weeks ago, the Canadian Chamber hosted the Summit of B7 members – the leading business associations of the G7 countries – in Quebec City. The summit marked the end of a months-long process to develop recommendations to G7 leaders ahead of their meeting next month in Charlevoix. It followed extensive discussions with our business counterparts about the current opportunities and barriers facing business investment and trade.

One of the priority themes for the summit was resource efficiency and the need for regulatory frameworks that are transparent and streamlined to allow resources to be developed and used in an efficient and competitive manner. While this has been an ongoing challenge for Canada in recent years, never has Canada's inability to build infrastructure to export its energy been more palpable in Canada than it has in the last few months.

If we ever had any doubts that the Canada's regulatory process has become dysfunctional, we need only look at the Trans Mountain Pipeline expansion. By the end of this month, Kinder Morgan may abandon its $7.4 billion project, one that has undergone one of the most stringent regulatory processes in the world. A multi-year, rigorous and scientifically sound review process that included consultations with thousands of individuals, as well as Indigenous and other communities. Yet, even after playing by the rules, receiving all the needed regulatory approvals from Ottawa, and garnering solid majority support in polls taken in both Canada as a whole and in British Columbia, it is still uncertain whether it will actually be able to build the expansion.

The message we are sending to investors, both at home and abroad, is terrible. If a project that has cleared all of those hurdles can be held hostage, why would any investor try to put their money in Canada instead of going where it will be welcome?

Without the infrastructure that will allow us to get our products to market, we have a serious problem. When I travel to Asia, I'm told that they are seeking access to more energy resources. But they don't say they want 'Canadian' natural gas or 'Canadian' oil. They don't care where it comes from, they just want to buy it. And right now Canada is missing out on opportunities to make those sales. When we can't get to these markets, they don't wait for us, they go elsewhere.

Canada needs efficient and transparent regulatory processes that encourage, rather than chill, investment in this country. The implications extend far beyond our energy industry.

Our commitments to creating key social and physical infrastructure have helped us build an enviable standard of living over the years. Ontario's post-war investments in roads, rural electrification and education drove economic growth and higher living standards in this province. And Quebec's visionary Plan Nord helped give its economy a strong economic advantage.

In today's global economy, our infrastructure and connectivity drive competitiveness. Our competitors understand this very well. If we continue to layer more and more requirements onto our major projects or to try to achieve consensus on every public enterprise or decision we will get left behind.

There are other risks to doing business in Canada that governments and business must work together to address. Just as western Canada has become a world leader in providing safe, responsibly produced oil and gas, so has Toronto become an international P3 hub. Canada cannot take these advantages for granted - we need to press them.

There are those opposed to the concept of P3 infrastructure investment. The Alberta government, for example, has moved away from the model altogether. And there are other organizations and movements opposed to P3 models that also stand in the way of Canada's progress.

Another risk for the sector and for our broader business community is our tax competitiveness. The US has just enacted massive corporate tax reductions that are expected to increase their GDP growth by between 0.5 percent and 0.75 percent in 2018 and 2019.[1] Canada can no longer count on a lower tax advantage to help attract investment to this side of the North American border.

As a former Minister of National Revenue, I understand that Canada's needlessly complex tax system may have been a manageable problem when our corporate rates were below those in the US. Now, however, Ottawa needs to respond to this new reality by working with business to reform our tax system.

[1] OECD, Interim Economic Outlook (March 13, 2018)

It's been forty years of cutting and pasting since the last comprehensive review of Canada's tax structure and there's something fundamentally wrong about forcing businesspeople to spend their time looking for ways to fit their companies in between a comma and a semicolon in the Income Tax Act instead of developing new products and services and attracting new customers.

This year and next – leading up to the 2019 federal election – the Chamber will engage businesses across the country to build the case for a comprehensive review of the tax system and to make recommendations on needed reforms.

Before I wrap up, I want to add a note on NAFTA, which is a critical issue that I believe our government is managing well. Canadian firms have been operating under a cloud of trade uncertainty since Mr. Trump's election eighteen months ago. With the intensification of talks over the last month, however, we are seeing signs that a new NAFTA, or at least the main contours of that agreement, may be within reach. For the infrastructure sector, we continue to press for a level playing field to allow Canadian companies to bid on public infrastructure projects in the United States. Additionally, a modernized NAFTA will help unlock some stalled investment decisions in Canada.

Landing NAFTA will also allow Canadian companies to focus on taking advantage of our other new trade deals. CETA has been provisionally applied and is in the process of being ratified, and it represents significant opportunity for Canada. The newly-minted Comprehensive and Progressive Agreement for Trans-Pacific Partnership will allow Canadian companies to increase their presence in the Asia-Pacific region. These agreements are a major opportunity for Canadian business.

Finally, I'd like to point out one outcome that the federal infrastructure plan and private sector must not overlook, the opportunity to build a more accessible Canada. The coming decade of federal, provincial and municipal investments must ensure that accessibility is central feature of new and renewed infrastructure.

However, this is not government's job alone. The Canadian Chamber has been proud to promote the Rick Hansen Foundation's Accessibility Certification program. The program rates the accessibility of built environments and encourages the adoption of inclusive universal design principles through LEED-style certification. It presents an opportunity to get out ahead of the looming demographic shift and do for accessibility what LEED did for energy efficiency.

Our organization is moving into new offices next month and we have made a special point of having our contractors work to make the new premises Rick Hansen Foundation certified. We are also encouraging Chambers and Boards of Trade across Canada to be early adopters of this program, to be leaders in helping build a more accessible Canada.

Canadians have always been great builders. The Canadian Pacific Railway united the country with thousands of kilometers of track across forest, mountains and prairies. In the St. Lawrence Seaway, we built the longest deep-draft navigation system in the world, which became the arteries for trade and commerce in North America. Today, we take these engineering marvels for granted, forgetting that at the time they were controversial and required tough decisions.

Meetings like this are an important tool for the private sector to continue to direct governments' eyes beyond the electoral horizon to the long-term needs of the Canadian economy and towards the decisions that need to be taken today to build the infrastructure we will need tomorrow.

Together we can help guard against complacency and ensure we do not become a nation of builders that cannot get anything built.

Thank you for having me here. I am buoyed and energized by your dedication and I'm grateful for the Canadian Council for Public Private Partnerships' leadership to help make Canada one of the very best P3 markets in the world.