



SHOVEL-WORTHY INFRASTRUCTURE INVESTMENT SUCCEEDS – where 'shovel ready' fails



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Shovel ready' as the adjective of the moment for infrastructure spending has worked as a political soundbite for emergency spending measures that have run from the financial crisis to the pandemic. But, as a principle to guide infrastructure investment, it has in reality been an admission of failure and acceptance of likely poor outcomes for public money.

Funding something simply, or even largely, because it is 'ready' is a signal to the private sector that a government is either unwilling or unable to do better, and to citizens, that their money will be spent instead of invested, with everything that implies. This is true even in times of crisis.

Governments can do better and elsewhere governments are doing better; it's time for governments in Canada to follow suit.

The opposite of shovel ready is shovel worthy. It is a process where supply and production chain data, market intelligence, and long-term economic need are factored in to coordinate projects to leverage optimal returns. Here we refer to trade infrastructure, the assets that move goods and people on roads, by sea and air.

There is no reason that an ongoing, long-term list of projects cannot be developed, updated, and continually modified with data so the next time a crisis hits, a government can without any additional work make sound decisions to accelerate investment to meet the emergency instead of rushing to find things upon which to spend money.

That Canada lacks the will to make this transition has not gone unnoticed amongst domestic users of trade infrastructure and amongst Canada's foreign customers.

On world ratings and rankings of confidence in trade infrastructure, Canada has fallen from a top-10 country a little over a decade ago to 32nd, according to the World Economic Forum's (WEF) annual global competitiveness rankings transport-infrastructure category.

The World Bank's rating of foreign customers' views of a supplier's trade infrastructure has also seen a steady decline of Canada's rating. These perceptions have been confirmed by the EU Court of Auditors in a cross-country analysis of frameworks for large transport projects that showed Canada standing almost alone in not having the capacity to do shovel worthy.

For a country that relies on trade for close to two-thirds of its GDP, this is most serious of problems.

When the U.S. fell from 11th to 13th in the WEF rankings, the response was a trillion-dollar infrastructure

package and almost non-stop public mention of the drop by the president and transport secretary, accompanied by more than ample media coverage. In Canada, the federal political response to a 20-point drop has been near silence.

Based on eight years of research, convening and consultations, including looking at past success in Canada and abroad, the Canada West Foundation has written a forthcoming report that lays out seven steps – see Building Blocks sidebar – for Canada to make the transition from shovel-ready to shovel-worthy.

This starts with the recognition that there is a problem and that it cannot be solved by consultations, summits, or other short-term quick fixes. The work to create a permanent ever-green pipeline of shovel-worthy projects requires concrete steps supported by sustained, predictable and incremental investment.

While the objectives needed to move to shovel worthy are specific, the exact means and mechanisms to achieve them are deliberately left open in the report, in recognition of the need for political negotiation and compromise amongst stakeholders. This approach implies that as government convenes and coordinates efforts amongst key stakeholders, that cooperation and meaningful participation receive priority to avoid "table and consultation fatigue" as well as concerns for pre-ordained outcomes that can discourage engagement.

Moving to shovel worthy demands intent from government leaders. It requires the expenditure of political capital – from all political parties. It is also eminently doable, as seen in the list of countries that have put in place mechanisms, processes and systems to enable the development of long-term project pipelines of shovel-worthy projects.

With the steps laid out in the report, the only thing lacking in Canada is the political will to do what our competitors have already done. There have been hopeful signs that the federal and provincial governments are beginning to understand the importance of trade infrastructure and take initial, tentative steps toward the solutions outlined in the CWF report. Recent export blockades, rail strikes, environmental damage to roads and ongoing supply chain problems have underscored the problem in front of Canada.

Yet, governments at all levels seem overwhelmed by current events and what tentative progress has been made can easily fall off the sides of busy ministerial desks when the next political crisis hits.

Trade infrastructure however does not work on the news or political cycles. Long-term, serious and structural changes are needed. These will come only if there is significant, persistent outside pressure for serious solutions.

Building blocks for Canada's first national plan for trade corridor infrastructure:

- Define Canada's national trade corridor network to put all levels of government and industry on the same page.
- Bring the private sector to the table as an ongoing contributor of sophisticated supply chain expertise and frontline operational experience to complement the best features of the public-sector policy.
- Apply criteria of national significance to guide the planning process and decision-making.
- Develop an "evergreen," 20-to-30-year pipeline of national trade-
- enabling infrastructure projects.
- Undertake regular assessments of trade-enabling infrastructure projects in relation to establishing criteria.
- Begin a new forward-looking approach to the collection of data and use of current forecasting and modelling tools.
- Coordinate the communications among the public and private-sector infrastructure groups, agencies and authorities, and aggressively share progress with industry and foreign customers.



Carlo Dade is the Director of the Canada West Foundation's Trade & Investment Centre



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