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# Privatizing the public domain

For better or worse, the time is near

[CHRISTOPHER HUME](#)

Forget stocks and bonds, real estate and art — invest in infrastructure. That's where the smart money is these days.

That was the message a panel of Canadian experts delivered recently to a delegation of visiting Australian developers and bankers, all of whom had their cellphones turned on and their hands in their (very deep) pockets.

God knows infrastructure investment makes sense in Toronto, and Ontario. According to the government's own figures, the province will need to spend \$100 billion over the next 30 years to keep its infrastructure from collapse.

That's a lot of money, much more than we can afford here in Ontario.

At the same time, the idea of letting private interests invest in the public infrastructure bothers Ontarians to no end. That's not hard to understand — the corporate sector hasn't exactly distinguished itself lately. But many say it must happen despite our reluctance.

However, if the 1999 sale of Highway 407 to a Spanish consortium was any indication, it's clear any government that undertakes such a program will have big political trouble on its hands.

Yet as the assistant deputy minister of public infrastructure, Paul Evans, made clear to the visitors from Down Under, Ontario simply doesn't have the money to keep itself in good working order.

Then came James Cowan, managing director of Macquarie Bank, to sing the praises of the private sector.

"We've got our cheque books and we're looking for projects," he told the room.

And, Cowan insisted, referring to Canada's very own Croesus, Ken Thomson, infrastructure is where those who have money put it, things like sewers, transit systems, airports ...

The purpose of the session was to interest the Australians in Toronto's waterfront, where a whole lot of new infrastructure will be required, everything from roads and streetcar tracks to street lights and bridges.

Cowan, who was part of an unsuccessful bid to buy the 407, painted a picture of Toronto as a city whose need for investment has become so great it threatens our future.

It's all very well when you're competing against cities like London, Paris and New York; you expect to come out second best. But when you're starting to fall behind places like Cincinnati and Cleveland, things don't look good.

"Toronto just doesn't have the standing it used to," Cowan declared.

It's nothing a few tens of billions of dollars couldn't remedy, but in Toronto the wealth is private, not public.

So why not let the private sector build our streets, our hospitals and public transit? That's what the British have done and, by all accounts, the new partnership works well.

The idea is that the government sets the rules the players must abide by. It's a trade-off between private-sector efficiency and its desire for profits. Inevitably, we end up paying for services once covered by taxes.

But that's not necessarily bad. When we finally decide to bury the Gardiner, for example, the private sector can do the work in return for tolls. Once tolls are introduced, we can afford whatever we want.

The politicians, terrified of the wrath of consumers forced to pay the real price of services, are loath to impose such fees. Cars don't vote, but their owners do.

That's why experts predicted the 407, with its hefty fees, would flop. They were wrong. People are prepared to pay for convenience; investors are willing to provide it.

Just don't call it privatization. The mere word is enough to strike fear into the hearts of Ontarians.

Think of it as a chance to get our empty little public hands on some of those restless billions.

Of course, it'll cost, but you get what you pay for. In the future, that will be truer than ever.

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