

A Platform for Innovation



www.Let's TOC.ca

Promoting Innovative Ideas
for Sustainable Infrastructure

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Presentation to SUMA
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A Public Policy Research Institute

- Independent
- Non-Partisan
- Non-Profit

Purpose of Canada West Foundation

- Objective policy research on issues important to the West
- Introduce western perspectives into national policy debates
- Initiatives for citizen engagement
- Act as a catalyst for informed public debate

CWF Municipal Finance Studies



• Financing Western Cities	2000
.....	2002
• Framing a Fiscal Fix-up	2002
.....	2003
• Big City Revenue Sources	2004
.....	2004
• A Capital Question	2004
.....	2004
• No Time to be Timid	2005
.....	2006
• Big Spenders?	2008
.....	2008
• Straight Talk on Property Taxes	2011
.....	
• Foundations for Prosperity & Sustainable Infrastructure	

The Infrastructure Problem



Problem? What Problem?

Municipal mythologies

Jack Mintz, National Post December 6, 2011

“Budget season has arrived at the municipal level, with the usual financing myths being repeated over and over again...”

“Let’s start with the supposed \$120-billion infrastructure deficit...A public infrastructure deficit is a fictitious concept comparing what is spent on infrastructure (an observable number) with what “ought to be spent” (an unobservable number)...”

“The so-called infrastructure deficit can be as big or as little as politicians and their voters seek...”

Falling bridges real

Berry Vrbanovic, National Post December 22, 2011

“Jack Mintz says the infrastructure deficit is make-believe, but that doesn’t change the problems Canadians see playing out everyday where they live and work...”

“Canadians see bridges falling apart on the evening news. They worry when they hear that 1,000 boil-water warnings are issued every year across the country...”

“Municipalities, who collected just 8 cents of every tax dollar paid in Canada and the country’s economic foundations all on their own. Canadians pay for the infrastructure at, and so do all orders of government...”

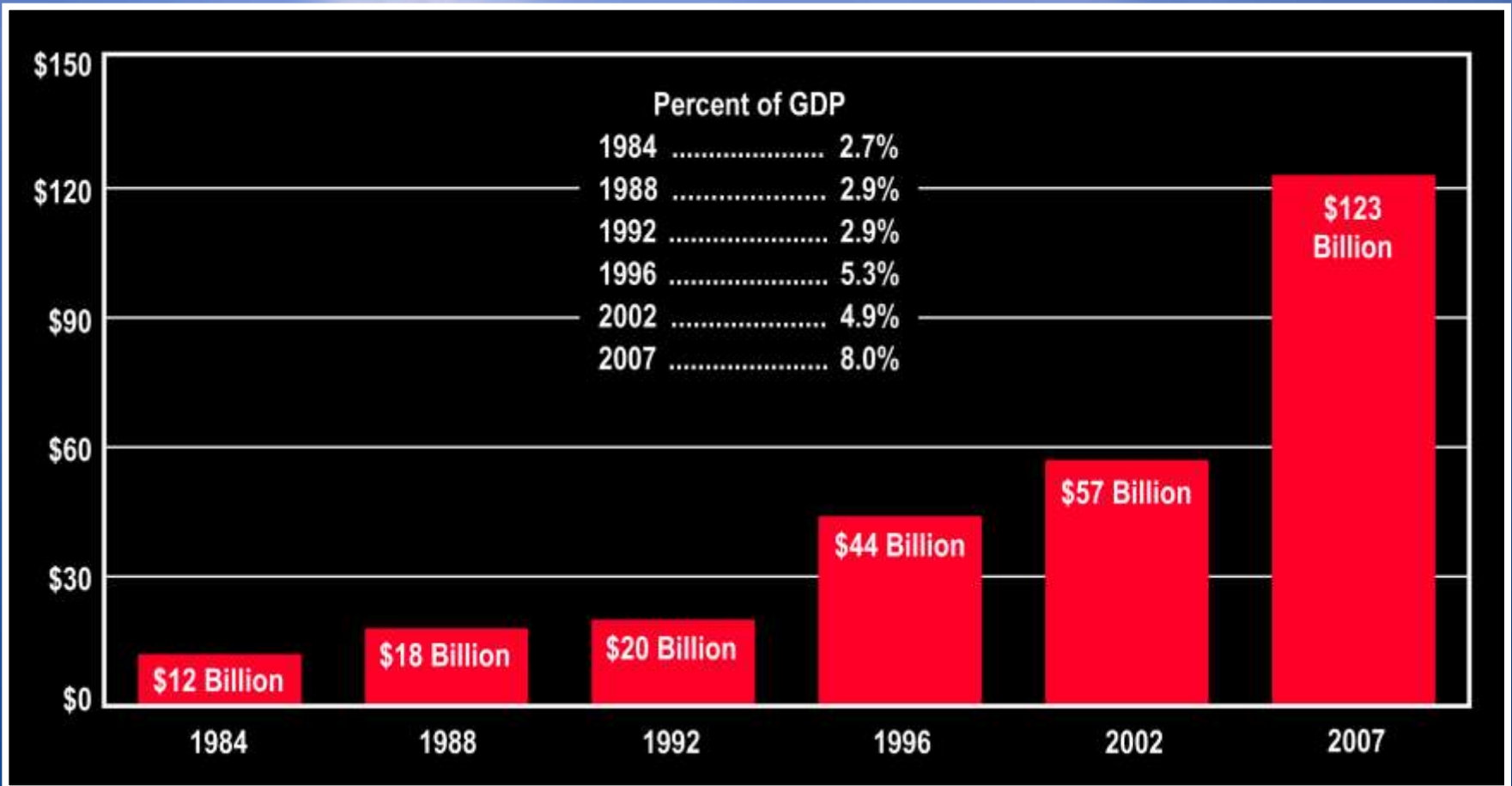
Falling bridges real

Danny Handelman, National Post December 22, 2011

“I perceive that the infrastructure deficit is due to poor planning and spending on low-density sprawl, which has been the norm since the Second World War, has resulted in infrastructure costing more to maintain than the property taxes collected...”

Problem? What Problem?

Municipal Infrastructure “Deficit” Estimates (1984-2007 in Current \$)

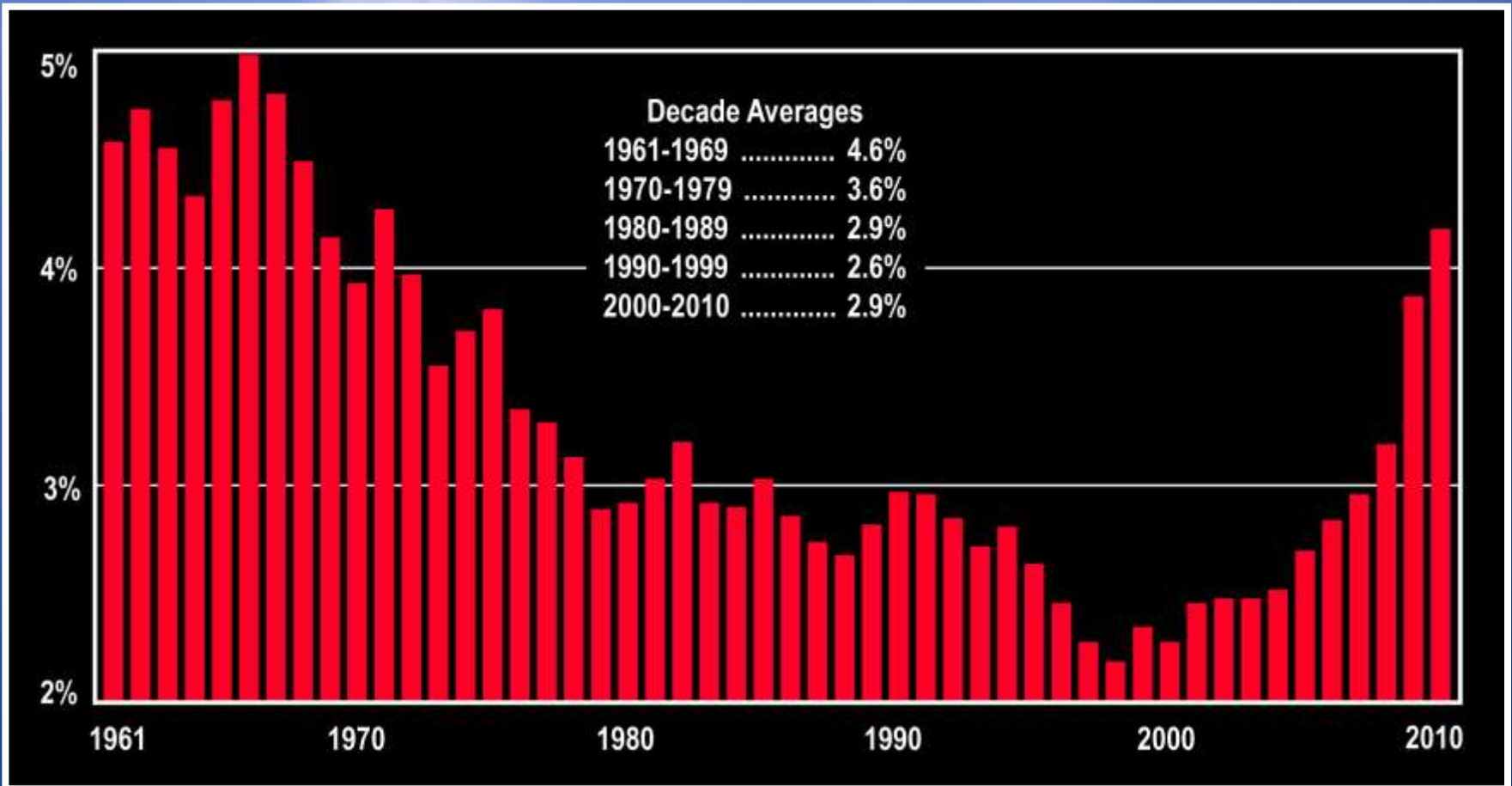


Essential Context



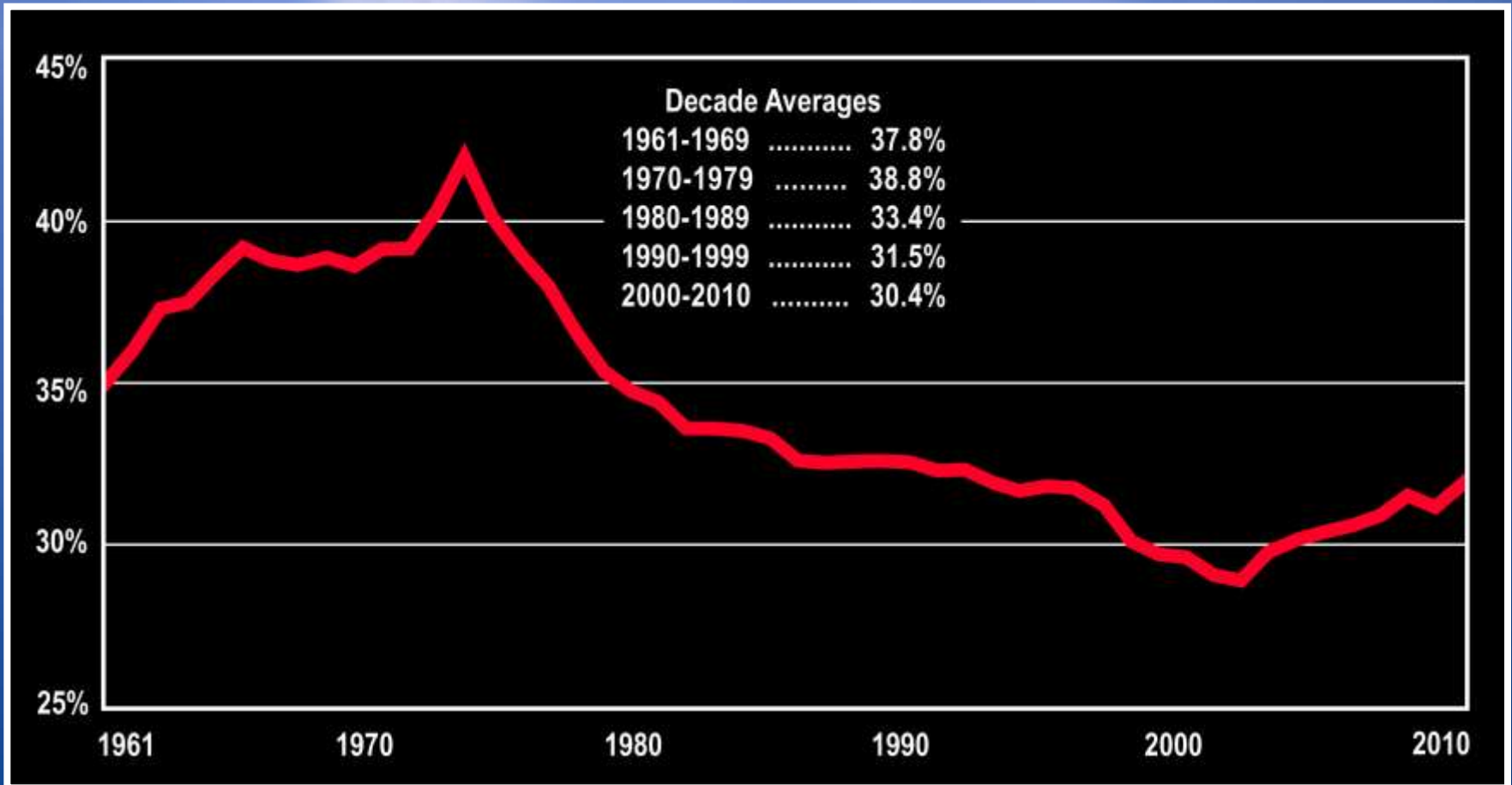
Essential Context

#1: Public Flows of Fixed Capital as a % of GDP (1961-2010)



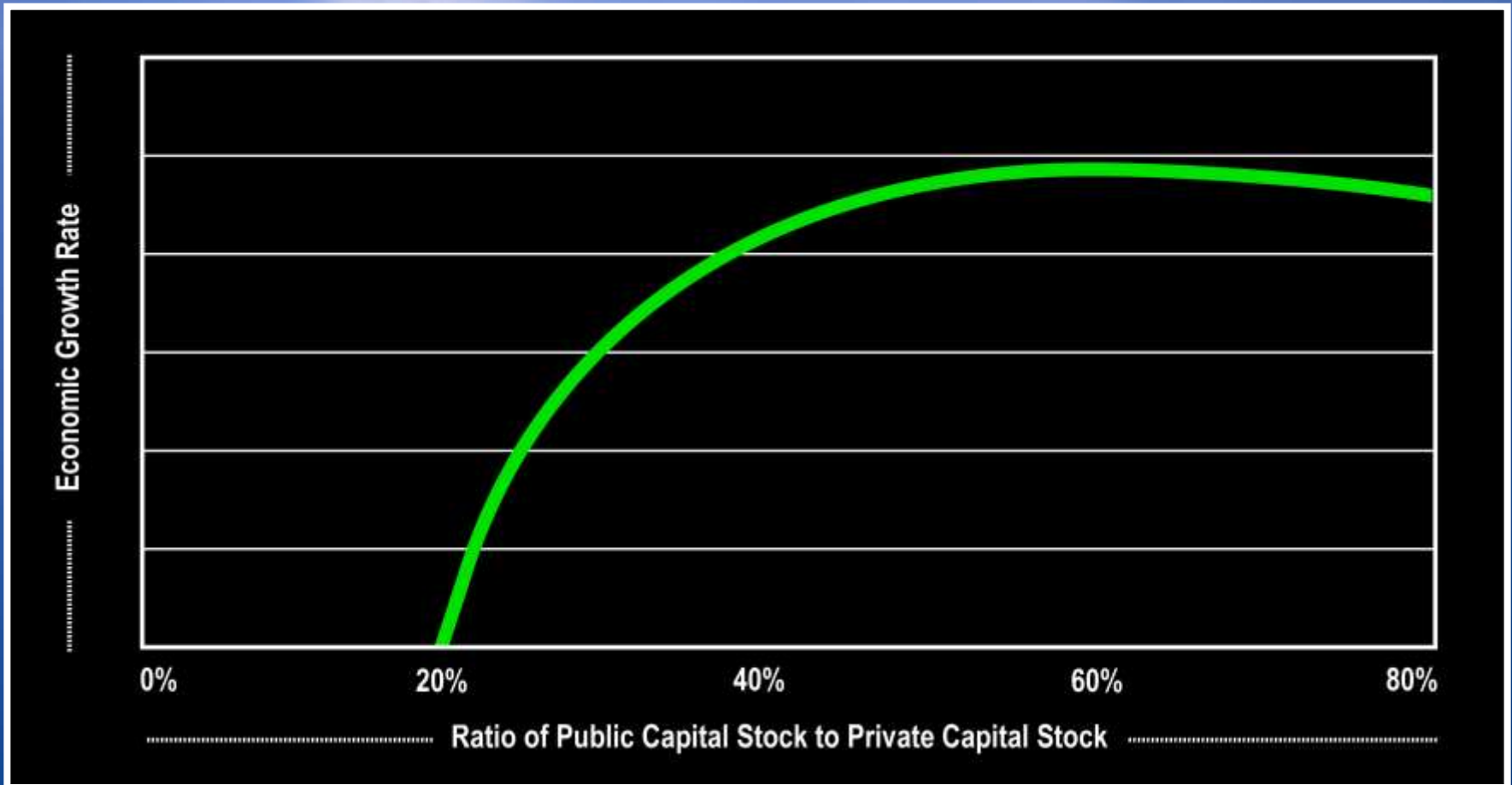
Essential Context

#2: Public Stock of Fixed Capital as a % of Private Stock (1961-2010)



Essential Context

#3: Optimal Public Capital Stock to Private Stock (David Aschauer)



#4: New Municipal Capital Asset Management Techniques

The City of Edmonton, through its Office of Infrastructure, pioneered a method to scientifically assess and measure its infrastructure needs:

- Build an inventory of all municipal assets
- Assess age and condition of the assets
- Identify the types of investment needed
- Determine when the investments need to occur
- Measure that against the fiscal resources available

Other municipalities across Canada are now doing the same, such as the City of Yorkton, SK. Also, new PSAB standards require municipalities to report on their consumption of physical assets.

We are getting a more OBJECTIVE handle on the issue ...

Proving the Problem

5: Detailed Ten Year Capital Budgets (Various Periods)

	Victoria	Vancouver	Edmonton	Calgary	Saskatoon	Regina	Winnipeg
Time Period	2007-08	2009-11	2008-17	2009-18	2010-19	2010-19	2009-18
Total Needs	\$510.7 M	\$739.2 M	\$27.553 B	\$19.999 B	\$1.264 B	\$2.120 B	\$10.870 B
Funded	\$40.8 M	\$442.9 M	\$8.346 B	\$8.049 B	\$334.3 M	\$830.0 M	3.500 B
Funding Gap	\$469.9 M	\$296.3 M	\$19.207 B	\$11.950 B	\$930.0 M	\$1.290 B	\$7.370 B
Annual Gap	\$47.0 M	\$98.8 M	\$1.920 B	\$1.195 B	\$93.0 M	\$129.0 M	\$737.0 M
Per Capita Gap	\$602	\$157	\$2,454	\$1,122	\$425	\$667	\$1,092

Essential Conclusion



Essential Conclusion

There is—despite detractors—a broad based consensus that Canadian municipalities face a serious and severe infrastructure funding challenge despite increased infrastructure investment over the last ten years. However, the precise magnitude of the challenge remains in dispute.

Many also agree that the funding challenge continues to grow, and the pace will accelerate if what is needed today is deferred to tomorrow.

Federal and provincial budgets are in deficit, the global economy remains weak, and the recovery is fragile. As governments move to balance the books, there is the risk that recent progress will stall.

All of this places a premium on INNOVATION in financing and funding municipal infrastructure, devising new and improved infrastructure systems and techniques, and delivering needed operations and services across the municipal sector.

Essential Conclusion

Infrastructure needed in the West's 7 largest cities in the next 10 years:

\$63.0 Billion

The amount of funding in the latest capital budgets of the cities:

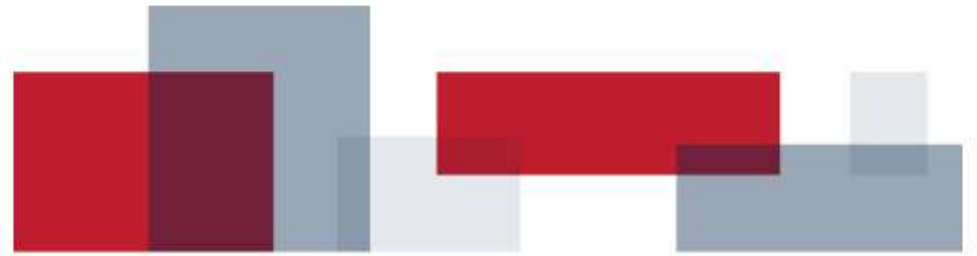
\$21.5 Billion

This leaves a funding gap:

\$41.5 Billion

Providing this infrastructure requires innovative solutions—

BIG ... *and* ... **SMALL**



let's **TOC**

TRANSFORMING OUR COMMUNITIES

Project Description



Purpose

www.Let's TOC.ca is a web-based information portal and social media platform that gathers, communicates, advances, and promotes innovative and sustainable solutions to municipal finance and infrastructure issues.

The project goes well beyond a mere web presence. The “heart” of the project is to animate that platform:

- Drawing out relevant and interesting examples of innovation
- Facilitating a constructive discussion
- Creating opportunities to share new ideas and approaches

The innovation platform — *www.let'sTOC.ca* — is being built into a repository of information on creative solutions, but also serves as a valuable place where infrastructure managers, think tanks, municipal leaders, and the policy community can contribute their ideas and interact in an online community forum.

Purpose

The over-arching purpose of *www.Let'sTOC.ca* is to stimulate new and innovative ideas, enable them to take shape, and then communicate them as widely as possible.

The assumption behind the initiative is that establishing a culture of innovation does not happen in a vacuum. Information exchange is critical to the process of developing, adapting, adopting, and exporting innovative solutions.

The project is designed to promote new and creative solutions that can transform our communities into cost-effective, eco-friendly, economically stable and sustainable, prosperous, growing, and thriving communities.

And in doing so, establish western Canada as a leader in innovative solutions to pressing infrastructure problems.

Components

www.Let'sTOC.ca has three major components:

- Gathering innovative ideas and solutions from a broad network of infrastructure practitioners.
- Communicating those ideas through weekly articles and relevant examples on the website, regular blog postings, commentary, and weekly emails, complete with links and reviews of new studies and events on infrastructure and a media room with news clippings and updates.
- Establishing a discussion forum through social media—opportunities for public commentary and feedback, invitations to submit articles and ideas, and an interactive discussion forum to expand on the ideas and take them to the next level.

Participants and Beneficiaries

The participants involved in the project cut a wide swath, and involve an impressive network of thousands of individuals and organizations across Canada:

- Policy Researchers
- Academics
- Federal, provincial, and municipal elected officials
- Civil servants and public service officials
- Private firms in engineering, finance, and construction
- Municipal, engineering, construction, business trade associations
- Infrastructure practitioners with on-the-ground experience
- Members of the public with an interest or stake in municipal issues

Innovation Themes



“In the Think-Tank”

Innovative Policy

“The Big Idea...”

“In the Budget”

Innovative Financing, Funding, and Delivery

“Show me the Money...”

“In the Trenches...”

Innovative Technology

“Creativity is King...”

Addressing a Deficit:

Revenues

Expenditure

- Innovative Financing
- Innovative Policy
- Innovative Funding
- Innovative Technology
- Innovative Delivery

Increasing
Decreasing the
Funding
Infrastructure

Innovation Themes

Innovative solutions to pressing infrastructure challenges represents a clear source of potential economic growth and prosperity for western Canada.

The public infrastructure across all western industrialized democracies is under growing pressure. The global market for public infrastructure runs into the trillions.

New approaches can be commercialized and exported abroad.

**But, innovation does not
occur in a vacuum...**



Innovative Finances

“In the Budget!” Fresh and creative ideas to finance, fund, and deliver critical infrastructure.

[Continue Reading »](#)

[Next »](#)

Let's Transform Our Communities

Let'sTOC presents innovative solutions, cutting edge technologies and best practices for infrastructure financing and delivery issues to create thriving and dynamic communities.

Share your comments and ideas through our blog. Connect with us on [Facebook](#), [Twitter](#) or [Email](#).

Members! Discuss important issues in our [members-only forum](#).

We want your input. Let's Transform Our Communities!

Building Blocks: Interesting Facts & Figures

Twitter Feed

RT @living_cities: New movement of designers working to solve #urban issues? New project explores DIY trend <http://t.co/1goXg0EV> [More »](#)

What are some of the most #innovative #infrastructure projects in Canada, based on a list of the biggest?

Latest From Our Blog

"Biggest" vs. "Best" (Part I)

Posted on January 26, 2012 by admin

Let's TOC: What's Happened



www.Let's TOC.ca launched November 17, 2011.

Articles are posted to the site weekly and also sent to a distribution network of thousands of subscribers via email.

External authors from Canada's infrastructure community are now submitting their own ideas and articles for distribution and publication.

The site is drawing attention across the infrastructure community and in traditional print and electronic media.

Four dozen individuals and infrastructure practitioners are signed in on the exclusive Members' Forum.

Other organizations are now expressing interest in partnering to further develop and extend the initiative.

Let's TOC: What's Happened

Such “organic” growth is key to building momentum and creating a broad-based movement to address infrastructure in meaningful and creative ways, and also challenge the status quo.

Invitations to present and promote the initiative are rising to the surface, and include:

- SUMA
- AUMA
- AEDA
- AAMDC
- TC

Numerous opportunities exist for op-eds to be drawn from *www.Let's TOC.ca* that can effectively merge traditional communications with the web-based platform.

Let's TOC: What We've Heard



Although the site has been operational for less than two months, it is drawing high levels of interest and attention.

Appreciation to Canada West and Communities of Tomorrow for creating this new initiative.

Western Canada is home to many emerging and creative infrastructure solutions, but commercialization and export remains an ongoing challenge. There are, however, numerous success stories.

Small-scale and decentralized solutions offer significant potential. Numerous technologies are being developed and tested across the West.

There is a need for a constructive information exchange if innovation is to be developed, adapted, adopted in the West and exported from the West internationally.

Let's TOC: Where We're Headed



The focus throughout Spring 2012 is to continue intentionally developing and growing the site along with “organic” growth.

- Expanding the repository of ideas and creative solutions.
- As the repository grows, establishing a searchable index.
- Continue with active promotion of the site.
- Expanding the distribution network.
- Growing the contributor base.
- Animating the discussion forum.
- Drawing in new partners.

In the new information economy and digital age, a web-based platform and use of social media is essential for information exchange and creating a broad-based social and political movement for change. *www.Let's TOC.ca* is designed to help meet that need.

“Innovation you say? Innovation? Hell, we’re too busy trying to keep our... [behinds]...above the alligators...”

This quote aptly demonstrates the difficulties — if not frustration and futility — of municipalities addressing the infrastructure issue on their own. Municipalities, while a vibrant and dynamic component of the Canadian public sector, have insufficient resources and research capacity to meet the challenge.

Creating a culture of innovation in infrastructure — changing the way we do business — requires broad-based participation and support from all sectors and all players. *www.Let's TOC.ca* is a first step in bringing that broad-based participation about.

Finance Innovation Example



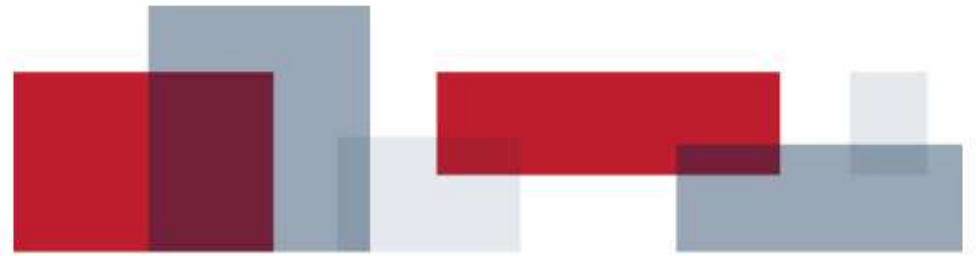
The Local “Penny Tax”

A broad-based local general sales tax piggy-backed off the federal GST, but with several unique features:

- Voter approval via referendum
- Revenues earmarked for specific infrastructure projects
- All projects submitted to voters at time of referendum
- Rate capped at maximum of 1% point
- Tax lapses or “sunsets” every six years
- Annual report issued on the usage of all funds and projects
- Excess revenue rebated via lower property taxes

This innovation would not only result in significant funding for infrastructure in our communities, but would enhance citizen participation in the policy process, strengthen local autonomy, and result in the most transparent, visible, and accountable tax in the country.





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