

# PENSIONS AND POLITICS

Public funds and public infrastructure aren't always the optimal mix.



This summer, walking through the streets of Toronto felt downright dystopian—rotting garbage everywhere, empty wading pools, overgrown and trash-filled parks. The strike that paralyzed many Toronto services underlined the reality surrounding many public services in Canada—whether or not you sided with the union or the city, it's clear there's not enough money to support life as we know it in many areas of Canada's public sector. Across the country, cash is badly needed to maintain and replenish basic infrastructure.

So why not turn to big public pension funds? After all, most are already involved in infrastructure investment at some level. OMERS builds schools and even owns a chunk of the Confederation Bridge. Involving even more pension funds to improve life in Canada sounds like a good idea—but one industry veteran has a warning. Beware when mixing politics and pensions.

Leo de Bever says pension funds need to look before they leap into investments that could pit political

interests against the ultimate interests of plan members. It's an issue he is looking at closely as he takes the reins at AIMCo, working to get it ready to manage more outside assets from other pension funds. In this month's Q&A (And Coverage For All; p 23), de Bever says that he is focusing on a governance structure that is far away from the powers that be at the province. As he does this, he sees many lessons to be learned in Canada and elsewhere. The Caisse de dépôt et placement in Quebec has battled its political past and, today, California pension funds are being considered as a source of funding for that bankrupt state.

In this age of stimulus spending, de Bever's advice is timely, especially as pension funds seek stable, long-term returns from infrastructure. But as they do this, governance is going to be more important than ever. ■

— Caroline Cakebread

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