

Smart Cities – Fear and Loathing in Toronto

Angus Leslie Melville

07/02/2020

The conservative – definitely lower case c – nature of Torontarians is being pushed to breaking point by ambitious plans to build a Smart City on their doorstep, giving the international market an ideal case study for the roll out of Intelligent Infrastructure... or possibly how not to do it.

All bets are currently off as the rippling-muscled private partner grins toothily at the timorous (the unkind would say puny) public side as it nervously ponders climbing into a bed with such a partner for the very first time.

The attention of the global infrastructure market has fallen squarely on the Canadian city as it mulls the role it could play in the birth of a new generation of PPPs that are taking centre stage in the evolution of this sector.

For now, it's all up in the air for the Canadian city as Waterfront Toronto pushes back the deadline for a decision over whether or not to move forward with Sidewalk Labs' Smart City proposal.

This decision had originally been slated for 31 March, but it now has been given grace until 20 May for the Alphabet-owned Google affiliate to carry out further public consultation in its bid to win hearts and minds for a project that will shape the infrastructure of tomorrow.

It's been slow going to date with Waterfront Toronto giving the nod last November (2019) for Sidewalk Labs to progress its plans to create a "smart neighbourhood" in a disused patch of the Quayside, prior to moving on to formal evaluation and public consultation.

Sidewalk Labs appears happy to take it slow with a nervous partner, but it is only too aware of what hangs in the balance and its need to lay down a beachhead if it is to gain early-mover advantage as all the tech giants through their far-from-insignificant weight around the Intelligent Infrastructure arena.

Toronto case study

This is the third in a series of articles IJ has published on Intelligent Infrastructure as the market shifts to interact with a sector that is tangential to core, but (as with all infra-like assets) will be viewed core in the blink of an eye.

The first two are:

- [Battle lines drawn for Intelligent Infra](#)
- [B-Day landings in World War 5G](#)

In this piece, we consider the ambitions of the tech giants and their occasionally reluctant bedfellows from the public side... not to mention those pesky people who live there and insist on having their say.

To this end, Toronto is your ideal case study. You've got it all... in all its discordant beauty:

- billionaire tech giants – chinos, button-down shirt, big smile and faint whiff of Mountain Dew
- cash-strapped public sectors – invariably (sometimes unfairly) caricatured as bungling fools, ill-fitting suit and nervous smile
- the citizenry – living in fear of intrusion and loss of privacy, not smiling, possibly wearing tinfoil hats

The scene is set for a showdown in a performance that plays out in three parts.

First of all Waterfront Toronto is your common-or-garden government agency playing a key role in cleaning up contaminated land to bring to market... which makes you rather wonder from the get-go whether these are the right cats to be running a process of this nature.

In this deal with Sidewalk Labs, land value was but a footnote (a really small one) for Google as it positions itself – through projects like Quayside – to test the market for a Smart City of the future.

And Google needs testbeds – guinea pigs if you like – for much of the technology it seeks to roll out and this would have been an ideal location

Let's face it, this was never a real estate play for Google, it's an IP play. And to that end, Toronto brought a knife to a gun fight.

Having said that, it's not just the public side that stands accused of having misjudged the situation, and that brings us to the second stumbling block – this one from the private sector.

Google fell victim to project creep as it grasped at every idea that cropped up – from heated sidewalks to automated garbage collection, sensor-based displays, automated control of traffic signals... you name it, nothing was too much.

"It became overloaded," says one source on the ground, curiously drawing reference to Jeremy Corbyn's 2019 election manifesto. "I'm sure there were some good things in it, but a broken clock's right twice a day!"

And finally, you have the North American business culture that Google brought to the table, which set Toronto hackles on end. They read the room wrong... and by getting it so badly wrong, they failed to get across the message of what they were seeking to achieve.

By last April (2019) by a group of citizens had launched the Block Sidewalk campaign and this was followed by the Canadian Civil Liberties Association taking legal action against Waterfront Toronto as well as the federal, provincial and municipal governments citing citizens' rights and loss of privacy.

Put those three issues together and present them to an (understandably) inexperienced public sector counterparty, sitting across the table from the full might of Google, factoring in a culture clash.

It's amazing anyone's still sitting at the table.

Intelligent warfare

So here we are on the verge of an Intelligent Infrastructure revolution with a hugely sceptical public sector and a populace that – not entirely without good reason – is nervous of cyber security and fundamental privacy rights.

The public sector – which may have all the skillsets in place to oversee the PPP procurement of a hospital or school – tends not to have the sort of people you need to represent it in this new breed of public-private partnership.

And clearly they don't understand this new P3. In fact, we hear at IJ that Waterfront Toronto had consultants run a search of equity gainsharing on PPP deals around the world to give them a greater understanding of how Quayside can work for them.

The very fact that they asked that question shows above everything else that the public side does not understand what

it's dealing with here. You cannot compare a mundane PPP transaction to the blue-sky thinking that is Intelligent Infrastructure.

It would have sent a better signal had they asked it to research how to capture value from the deployment of technology to support the delivery of services, and how that should be shared with a private party... but who the heck has an answer to that.

Maybe the answer is to use a less developed market as a test ground for such technology. More people might smile around that table.

Thank you for printing this article from IJGlobal.

As the leading online publication serving the infrastructure investment market, IJGlobal is read daily by decision-makers within investment banks, international law firms, advisory firms, institutional investors and governments.

If you have been given this article by a subscriber, you can contact us through www.ijglobal.com/sign-in, or call our London office on +44 (0)20 7779 8870 to discuss our subscription options.