

MA-C2-1

Ministry of Infrastructure

Ministère de l'Infrastructure

Ministry of Transportation

Ministère des Transports

Office of the Minister

Bureau du ministre

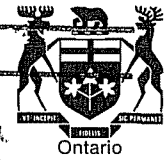
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Regional Municipality of Peel
Office of the Regional Chair

OCT 10 2012

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October 2, 2012

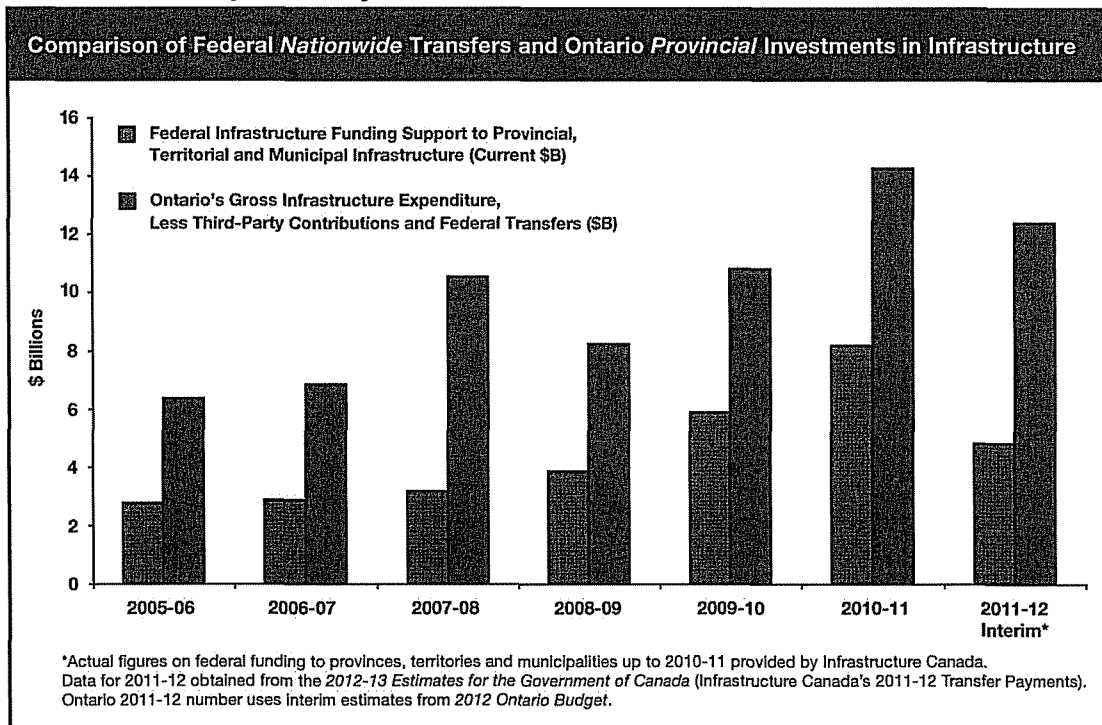
MEMORANDUM FROM: The Honourable Bob Chiarelli

RE: Federal Long-Term Infrastructure Plan

As you are aware, the federal government has been carrying out a 12-month-long process of research and consultations to develop a federal long-term infrastructure plan. Ontario has been actively engaged in this process since we are committed to ensuring infrastructure investments are delivered to support economic growth and strong communities. I am pleased to inform you of the release of *Building Canada Together: Ontario's Recommendations for the Federal Long-Term Infrastructure Plan*.

As shown in the following graph, the McGuinty government has been investing significantly more in Ontario's public infrastructure renewal to support local economic growth, enhance business competitiveness and local quality of life, than the federal government has invested in infrastructure through transfers to all provinces, territories and municipalities from coast to coast to coast! The federal government now has the opportunity to invest more in infrastructure to achieve our shared national economic policy goals.

The Federal Responsibility to Invest More



I believe we share a mutual interest in advancing Canada's infrastructure priorities – interests that are grounded in good public policy principles that we can all agree on. Without effective and efficient transportation networks, transit services, water and wastewater systems, and other infrastructure assets, we cannot get to work, get goods to market, or compete in the global economy. Well-maintained infrastructure is the foundation of a strong economy, and a cornerstone of vibrant and prosperous communities.

Infrastructure investment drives economic growth and enhances competitiveness. In a 2009 survey of executives from 21 countries, 90 per cent said that the quality and availability of infrastructure *directly* influences their choice in locating and expanding business operations. Research suggests that the rate of return on public capital in Canada is between 11 and 25 per cent.

Based on our experience developing our own long-term infrastructure plan, *Building Together*, as well as ongoing research and consultations, Ontario has developed the following five key recommendations for the federal long-term infrastructure plan:

- **Invest in Key Economic Infrastructure:** Core economic infrastructure produces larger economic benefits than other types of infrastructure at a ratio of 2:1.
- **Increase Federal Investment:** For 2011-12, Ontario's planned infrastructure investment was more than \$12.4 billion, while the federal government's infrastructure investment to all provinces, territories and municipalities combined was \$4.8 billion. As a percentage of Gross Domestic Product, Ontario's investment was 1.9 per cent versus the federal government's 0.3 per cent.
- **Asset Management Planning:** All orders of government need to understand the extent, age and condition of infrastructure in order to prioritize projects more effectively.
- **Private Sector Innovation:** Infrastructure Ontario has been involved with 79 projects using the Alternative Financing and Procurement (AFP) model since 2005, which includes significant private-sector engagement while protecting public ownership. The value for money savings of the projects that Infrastructure Ontario has brought to market is about \$3 billion. The next federal plan should promote wider use of AFPs when appropriate across federal infrastructure programs.
- **Streamline Administration:** The federal government should work with provinces and territories to establish program parameters and allow provinces more flexibility in using federal funding for priority projects. Cooperative partnerships across the **three orders of government** should be emphasized.

Ontario is recommending that the federal government focus investments in strategic **core economic infrastructure**, such as highways, roads and bridges, border crossing and gateways, public transit, and water and wastewater systems. These investments will boost our nation's productivity and the global competitiveness of our cities and regions. The Greater Golden Horseshoe alone accounts for about 25 per cent of Canada's Gross Domestic Product; the population in the Greater Golden Horseshoe is expected to grow by almost 50 per cent over the next 25 years. As a result, we are calling for a **national transit strategy** that is visionary and that will constitute real and significant nation building in Canada's cities. We must act together to address the congestion choking or threatening our major urban centres in order to position them for continued economic growth.

We are very encouraged by the federal government's actions to date to engage provinces, territories, municipalities and stakeholders in the development of a federal long-term infrastructure plan.

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Ontario encourages the federal government to act quickly to deliver a long-term plan that builds on our past successes and that brings stable and predictable funding to provinces and territories. Collectively, we have a responsibility – federal government, provinces and territories, and municipalities – to work together to realize the optimal level of investment in infrastructure, and invest in a way that best supports Canada's economic future.

Our detailed submission is available on our ministry's website. To access the full submission, please visit www.moi.gov.on.ca/en/infrastructure/ltip/.

I would encourage you to participate in the federal long-term infrastructure plan consultation process and voice your support for Ontario's recommendations by contacting your local Member of Parliament, or the Honourable Denis Lebel, federal Minister of Transport, Infrastructure and Communities, by mail at Tower C, 330 Sparks Street, Ottawa, Ontario K1A 0N5, or by e-mail at plan@infc.gc.ca.

We look forward to working with the federal government to develop a plan that strengthens economic growth, competitiveness and productivity, and doing so in a way that maximizes investments by provincial and federal governments.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Chiarelli". The signature is fluid and cursive, with a large initial "B" and a long, sweeping tail.

Bob Chiarelli
Minister of Infrastructure
Minister of Transportation