



For the Record

Ontario Government Plans for Infrastructure

On the heels of the Ontario Budget and facing a growing infrastructure deficit in the Province, The Council invited The Hon. David Caplan, Ontario Minister of Public Infrastructure Renewal, to inform members of his government's plans to meet Ontario's infrastructure demands and what role public-private partnerships may play in Premier McGuinty's strategy to improve public services.

With a mandate for change from the electorate, Minister Caplan said that his government's goal of enhancing public service efficiency and effectiveness is closely tied to addressing Ontario's significant infrastructure deficit. While his government has no plans to "privatize our core public services" such as healthcare, drinking water and schools, they are focused on "ensuring that the infrastructure associated with those core services is available when it is needed." Based on the principles outlined in the government's Infrastructure Discussion Paper (see below), the Minister believes that public-private partnerships are a possible means to finance and build new infrastructure.

Minister Caplan noted that it is far beyond the capacity of government using existing resources and methods to meet our current infrastructure needs. The bill for repairs is in the "tens of billions",

but new infrastructure is also needed to meet growing demands. The population of Greater Toronto is expected to increase by 40 percent (3.5 million) by 2031.

He outlined six key initiatives that the government plans to meet this unprecedented demand:

- 1. Maintain or, where possible, increase investment in public infrastructure.** The Ontario Budget included a 17 percent increase in infrastructure investment.
- 2. Implement better planning.** The Ministry of Public Infrastructure Renewal is developing a 10-year plan for the province's capital needs.
- 3. Leverage existing infrastructure.** They will develop guidelines and benchmarks designed to maximize return on public assets, and encourage growth where existing infrastructure can accommodate it best (e.g. central Ontario)
- 4. Develop partnerships with other governments.** The government has fostered "a new era of cooperation" with other levels of government, announcing several joint funding agreements in recent weeks.
- 5. Develop tools to help municipalities.** The Ontario Strategic Infrastructure Authority and Infrastructure

Renewal bonds were created to provide affordable financing and support education and housing infrastructure.

6. Engage the private sector in innovative ways. The Ministry will release a framework on how it intends to engage the private sector in financing and construction.



The Hon. David Caplan speaks at the Council event on May 25, 2004.

Minister Caplan emphasized that they need a "made in Ontario" solution that builds on the experience of other jurisdictions, acknowledges the core values of the government, and follows growth management principles.

In what Minister Caplan calls the "infrastructure renaissance", his

government will build strong communities, attract investment, create jobs and ultimately shape the kind of society our children and grandchildren will inherit.

He recognized that there is a delicate balance between infrastructure renewal and expansion and there is no “magic bullet” to get the province out of a problem that has taken years to accumulate. He acknowledged that they need to reduce bid and transaction costs and that eventually the government will be able to entertain ideas from the private sector for new ways to develop infrastructure. “But we are not there yet,” he said. One of the challenges he discovered as Minister is changing the culture of government; the proposed level of ministry cooperation has not happened before and expectations need to be modest at first.

Another challenge he noted was the lack of public understanding of P3s. The term itself, he said, is “a generic name for

a wide spectrum of projects.” This leaves the approach open to interpretation by opposition groups. Another contributor to the confusion are “heavy confidentiality clauses” that are often adopted based on government insistence. They make it very difficult to defend the decision, he noted, and he believes if a project cannot be publicly defended, then it should not have been considered in the first place. When it comes to picking the right solutions to meet the infrastructure deficit, the Minister stressed that their desire to improve public services extends beyond a focus on methodology (i.e. public-private partnerships) and the ground rules need to be established first before projects are developed. But when those first good projects do emerge, his hope is that they are levered to ensure that subsequent initiatives are also successful.

One project of particular interest to the region is the Toronto waterfront. Minister Caplan said that the project fits well with

the government’s plans to develop existing brownfield sites to meet population demands. While he was pleased to see the federal government announce a \$125 million commitment to the waterfront, he cautions that the 30-year timeframe needs to be recognized and the proper governance and finance structures have yet to be determined. As for the role of the private sector, he said that it needs to be reviewed and whatever form it takes, it should be a strong one.

Minister Caplan spoke at a Council-sponsored event on May 25, 2004 in Toronto. He is currently conducting stakeholder consultations across the province in response to the Discussion Paper on Infrastructure Financing and Procurement, which outlines many issues related to private sector involvement in infrastructure financing and delivery.

For more information:

1. To view Minister Caplan’s speech in its entirety, go to The Council’s website at: www.pppcouncil.ca/resources_speeches.asp
2. To obtain a copy of the Ontario Government’s Discussion Paper entitled “Building a Better Tomorrow: Investing in Ontario’s Infrastructure to Deliver Real, Positive Change” go to the Ministry of Public Infrastructure Renewal website at: www.pir.gov.on.ca and click on the icon.
3. To obtain a copy of the TD Bank Financial Group’s report entitled “Mind the Gap: Finding the Money to Upgrade Canada’s Aging Public Infrastructure (May 2004)” go to The Council’s website at: www.pppcouncil.ca/pdf/thegap.pdf



The Canadian Council for Public-Private Partnerships
40 King Street West, Scotia Plaza, Suite 5800, Toronto, ON M5H 3Z7
Tel: 416.861.0500 Fax: 416.369.7250
Email: partners@pppcouncil.ca
Website: www.pppcouncil.ca