

BUILDING  
THE FUTURE

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**Leaders' Forum on  
INFRASTRUCTURE**

# Summary of Highlights

**Date:**

October 13th, 2006

**Location:**

MaRS Centre  
Toronto, Ontario

**Event Host:**

Ontario Ministry of Public  
Infrastructure Renewal

# Preface

This summary describes the key themes and highlights from *Building the Future: Leaders' Forum on Infrastructure* — an event focused on encouraging discussion and generating strategies for sustainable infrastructure development in Ontario. The Forum had five main components:

- Session one — *Local Decisions, Global Context: Prioritizing for the Public Good* — explored the challenges facing government leaders at all levels and the public policy values that guide political leaders and decision-makers. This included a discussion of the challenge in reconciling long-term infrastructure decisions and projects with short-term electoral cycles.
- Session two — *Infrastructure and the Evolving Economy* — explored diverse perspectives on the value of infrastructure in supporting economic competitiveness, prosperity and quality of life. This included a discussion of cultural or 'soft' infrastructure and the environmental sustainability imperative.
- Post-luncheon keynote addresses: one covering *findings from a Canada-wide survey* on infrastructure; the other an overview of *Ontario's infrastructure-related programs and initiatives*.
- Session three — *Infrastructure and the Investment Climate* — explored how to measure an infrastructure deficit, its magnitude and importance, and how it might be addressed in a context of competing fiscal priorities. This included an examination of key factors influencing the investment climate for infrastructure.
- Session four — *Plenary Discussion* — featured an open exchange of ideas regarding key themes emerging from the previous sessions, the further exploration of interesting or unique infrastructure-related approaches, and key questions/challenges that remain to be addressed.

Please note that a full listing of biographies for session facilitators, speakers and panelists is available on-line at [Ontario.ca/leadersforum](http://Ontario.ca/leadersforum) or [Ontario.ca/tribunedesdirigeants](http://Ontario.ca/tribunedesdirigeants).

All of the sessions encouraged audience participation and the meaningful exchange of ideas and perspectives. The Forum helped bring together leaders from the public, private, not-for-profit and voluntary sectors — including governments at all levels, infrastructure planners, builders, financiers and users, unions, professional associations, arts and cultural interests, transportation operators...to name but a few. Participant diversity helped foster a spirited exchange of sometimes complementary — and sometimes divergent — views.

The summary begins with some overarching themes from the Forum. This is followed by a concise synopsis of key themes/points from each of the sessions. The summary is not intended to be a verbatim transcript of the day's events — rather, it serves to capture the essence of the more interesting or salient items. Please note that points made by Leaders' Forum panelists or audience members are not necessarily shared nor endorsed by the Ministry of Public Infrastructure Renewal.

# Overarching Themes

The following are key overarching themes that emerged from the Forum as a whole — they represent frequently repeated points that transcend the individual sessions:

***Infrastructure matters*** — The maintenance, upgrading and building of new infrastructure are critical to economic competitiveness and quality of life. The infrastructure deficit in Ontario is real and must be addressed for the well-being of current and future generations.

***Change is necessary*** — The infrastructure deficit will not be adequately addressed by continuing with business-as-usual infrastructure delivery. New ideas and approaches must be embraced and put into action.

***Partnership, collaboration, and cooperation are key*** — No entity has the requisite resources to address single-handedly all of the province's infrastructure challenges. Cooperative approaches, integrated planning and effective partnerships involving all levels of government, the private and voluntary sectors, unions, and others are required to address the infrastructure deficit.

***A strategic, long-term view is vital*** — Infrastructure-related decisions and actions undertaken today will have implications for decades to come. A piece-meal, crisis-driven, overly politicized approach to infrastructure is inadequate and dangerous. There is a need for demonstrated leadership, vision and sound strategy.

***Education is important*** — The general public is typically not well informed or overly knowledgeable about the intricacies of infrastructure: from decision-making processes, to roles and responsibilities regarding construction and maintenance, to the nature and operation of partnerships. This lack of understanding, coupled with a wariness of private sector involvement, reinforces the importance of communication, outreach and consultation. The public will support infrastructure investment if aware of its value.

*Potential and Possibility* — The infrastructure deficit is not insurmountable. While demands for infrastructure will always outpace available resources, significant success is achievable. There are examples from within Ontario, throughout Canada and around the world where innovative approaches have been used. Whether through new financing models, strategic partnerships or other mechanisms, the evidence from other jurisdictions suggests that Ontario can realize a richly imagined future for infrastructure in the province.

*A noteworthy event* — Though just a one-day event focused on infrastructure, the Forum is an important part of the ongoing conversation that needs to occur in and around this vital topic. The Ministry of Public Infrastructure Renewal is to be commended for organizing the Forum and for its intellectual contributions. There should be follow-up events that build on the momentum and success of the Forum.

## SESSION ONE

# Local Decisions, Global Context: Prioritizing for the Public Good

# 1

### Descriptive overview

*In his opening remarks for the day, The Honourable David Caplan, Minister of Public Infrastructure Renewal, set the stage for Session One and the Forum as a whole by referring to the event as an opportunity for great minds from various sectors “to discuss nothing less than the foundation of our societies – the roads, schools, hospitals and other public infrastructure that maintain our economies, and our quality of life.” Glen Murray, the Session One facilitator, then provided some introductory comments, followed by Councillor Gloria Kovach’s sharing of a municipal perspective on infrastructure planning and design. Mr. Murray then prompted audience questions and comments on selected themes and issues — with Minister Caplan and Councillor Kovach serving as panelists to respond to and add to points made.*

### Key themes

- Infrastructure is an investment, not simply a cost — it helps define the ‘public good’ and create a ‘sense of place.’ Infrastructure is a strategic investment in long-term assets with valuable social and economic paybacks, and should be broadly perceived as such by the public.
- Municipalities require collaborative, flexible approaches and long-term funding commitments to execute infrastructure projects most effectively .
- Governments at all levels require skilled experts to plan, design and manage infrastructure projects and ensure quality.
- Governments should invest in training skilled experts and hire private companies that support skills development from within.
- The private sector can play an important role in helping address the infrastructure deficit, but there is a need to bolster confidence in its ability to deliver among both the public and some elected officials.
- Innovative, creative financing approaches are required. There needs to be less ‘risk aversion’ and more courageous, bold decision-making.

**Panelist and participant points/discussion highlights  
(listed in no particular order)**

- The Ontario *Places to Grow Act, 2005* and the *Growth Plan for the Greater Golden Horseshoe* will help curb urban sprawl and improve coordination between land-use and infrastructure planning.
- The planning and design of infrastructure has implications for and must consider:
  - Quality of place and the need for aesthetically pleasing communities;
  - The environment and sustainable approaches that help reduce greenhouse gas emissions and support compact communities;
  - Economic competitiveness and the imperative to incorporate strategic/creative financing and taxing mechanisms that support infrastructure; and,
  - Human health and the need for communities that promote healthy activity.
- Municipalities best understand the needs of their communities and should remain instrumental in identifying local infrastructure priorities. The current short-term approach to investments in infrastructure is not producing the required results — the infrastructure gap is not closing. Moreover, municipalities must deal with increasing service delivery challenges (in affordable housing, social services, public health, and so forth) without receiving any increase in the proportion of each tax dollar.
- The Federation of Canadian Municipalities (FCM), in partnership with the Association of Municipalities of Ontario (AMO), the City of Toronto and the Province of Ontario, has developed a plan to eliminate the municipal infrastructure deficit in 20 years. This will require effective partnerships, and collaboration and cooperation among all three levels of government. Collaboration with the private and voluntary sectors is also important. However, some municipal officials are leery of this given past experiences and public perception. There are questions of confidence, performance and trust.

- There is a need for leadership and courage among both the public and private sectors regarding infrastructure planning and implementation. The Province has a role to play in helping establish the ‘rules of the game,’ including developing options and identifying key principles.
- Security is an important infrastructure-related consideration — in the context of transportation and border crossings (including soft services), and buildings/facilities that may be located anywhere.
- The provincial gas tax commitment is a noteworthy development with the potential to produce positive outcomes.
- Infrastructure Ontario (which lends money to municipalities to help them build their own infrastructure) can best help municipalities address their infrastructure needs by being collaborative, flexible and offering long-term funding commitments for projects that are strategic, local priorities.
- A more coordinated approach is required for transportation planning and the process needs to be expedited. There is a need for consensus among all three levels of government concerning infrastructure priorities and for regulatory certainty at least 5-10 years into the future.
- The public service does not have the in-house expertise to plan, design and manage 100 per cent of infrastructure programs and deliver services.
- Public servants in Ontario and elsewhere are among the most talented and dedicated professionals. Human resource gaps are a function of global competition for qualified people. *ReNew Ontario*, a strategic, five-year infrastructure plan provides for a coordinated, longer-term approach to public infrastructure investment. Infrastructure Ontario was created to ensure the high level of expertise required to deliver quality public infrastructure.



- The FCM/National Research Council “National Guide to Sustainable Municipal Infrastructure: Innovations and Best Practices” features best practices for infrastructure planning, construction, maintenance and repair — and is available to those who might find it of interest.
- Globalization and economic competitiveness are key contextual considerations regarding infrastructure — there are opportunities to use investment in infrastructure and education to create opportunities for new immigrants, youth and others. Given that skills development is important to infrastructure, the government should lead by hiring companies with apprenticeship/trainee programs — this should be made explicit in the province’s tenders and requests for proposals. There is an opportunity for the province to nurture and support the desired culture of training and apprenticeship more successfully.
- The public sector needs to be clear about what it is willing to do to engage and help leverage private-sector financing. Public investment alone will not solve the infrastructure deficit problem. There are many examples demonstrating that the private sector is ‘willing and able’ to participate meaningfully and constructively.
- To help communities and the public generally focus more on the positive impacts of infrastructure regarding quality of life — and focus less on infrastructure-related costs — there is a need to:
  - Develop true partnerships with shared risks and shared returns, rather than off-loading liability — stop conditioning the electorate to expect that infrastructure should cost less and speak more about investing on the public’s behalf for a better future;
  - Recognize that the public is more concerned with how tax dollars are being spent rather than the taxation rate — there will be support for public investment if there is clearly perceived value;
  - Ensure that infrastructure is viewed as a long-term asset and an investment that must be sustained and well-managed;

- Calculate the revenues and opportunities (both long-and short-term) generated by infrastructure investments and communicate these findings to the public;
  - Demonstrate — through example — how infrastructure can improve the life of a community;
  - Ensure that public infrastructure is retained as public assets; and,
  - Continually remind citizens of the value of infrastructure — it is not something that should be taken for granted.
- The question of ownership of infrastructure can be a sensitive topic. There is debate about whether all infrastructure assets should be publicly owned or whether selected ones (for example, hospitals, schools and water/sewer infrastructure) should be. It can be argued that the ‘nationality’ of the asset is a ‘non-issue’ as long as the asset remains in and is of value to the host country.
  - Multi-disciplinary and multi-stakeholder involvement is critical. It is important to bring together diverse perspectives to develop innovative long-term technical and financial solutions. This needs to happen at the national and local levels. The National Roundtable on Sustainable Infrastructure is a multi-stakeholder, non-partisan advisory body that aims to ensure improved planning and development, dissemination of innovation and best practices, and better use of investment dollars.
  - The federal government has an important role to play. The federal government appears to be sincere about meeting the infrastructure challenge and addressing the fiscal imbalance among the three levels of government. The next federal budget is eagerly anticipated and will be somewhat of a litmus test.

## SESSION TWO

# Infrastructure and the Evolving Economy

# 2

### Descriptive overview

*Tim O'Neill, the Session Two facilitator, began with some introductory, context-setting comments. He then posed a series of key questions to a distinguished panel of Canadian and international experts — Robin Carruthers, Geoff Dangerfield, David Earley, Rick Reinhard, William Thorsell and Casey Vander Ploeg — with one from among this group providing some opening remarks in response (and others providing subsequent value-added commentary). Mr. O'Neill then prompted audience questions and comments on the same themes and issues — with panelists responding to and adding to points made. The session focused on three key issue areas: linkages between economic performance and infrastructure; the economic role of infrastructure in the cultural/social arena; and, the relationship between infrastructure and environmentally sustainable growth.*

### Key themes

- Know your infrastructure-related objectives — given limited resources, governments must identify the priorities that are most important for economic growth and develop associated policies and investment strategies.
- Maintaining existing infrastructure is as important — if not more so — than building new infrastructure. There is a need for sustained investment in maintenance, service and improvements.
- The *quality* of the infrastructure matters as much as the *quantity* of the infrastructure.
- The value of infrastructure and its contribution to quality of life need to be made manifest to the public — people will support infrastructure investment if they perceive the associated benefits.

- A user-pay model is a viable option for certain types of infrastructure. However, there are a number of factors and issues that need to be considered.
- There is a role for the province — and government generally — to provide seed money to cultural institutions to enable them to compete in world markets for philanthropic capital.
- It is important to move beyond qualitative evaluations — especially for cultural infrastructure projects — and more systematically quantify the economic benefits and spin-offs of such investments.
- Infrastructure investment should not be only about lowest economic cost — it is important to look at both tangible and intangible benefits, and consider infrastructure in the context of broader societal values.
- Environmental sustainability must be an essential infrastructure planning consideration and a long-term evaluation criterion.

### **Panelist and participant points/discussion highlights (listed in no particular order)**

- The province has a role in ensuring that infrastructure serves the public good. However, the distinction between the roles of the public and private sectors has blurred. There is varied and growing private sector involvement in infrastructure.
- Infrastructure can have positive economic impacts. However, the World Bank has not been able to prove definitively that investing in infrastructure stimulates economic growth. It is a question of causality: does a booming economy need more infrastructure or does infrastructure create a booming economy? It is the quality, not the quantity, of infrastructure (and the uses/services it provides) that appears to drive economic growth.

- It is important to understand infrastructure objectives — have a vision and create clear goals. This will help ensure cost-effective use of limited resources. Simply spending money is not good enough — the need addressed and the quality of the infrastructure matter a great deal.
- Infrastructure is necessary, but it is not the only condition required for growth. There are other levers, such as regulatory and policy approaches, that can be used to encourage desired outcomes.
- Infrastructure should not be judged solely on its economic contribution, though that is important. Value should also be gauged by its contribution to quality of life.
- A user-pay model for infrastructure should be considered for certain politically acceptable services, which can vary from country or community, depending on cultural norms and values. This model can help the market prioritize what people want and secure greater acceptance — though it may be less palatable if used only to maintain existing infrastructure rather than creating more. In adopting a user-pay approach, consideration should be given to:
  - Offering subsidies/rebates to those who cannot afford the fees;
  - Ensuring that accountability structures are in place to foster public confidence and trust; and,
  - Governance and oversight — it is important to keep service regulators separate from service providers.
- One school of thought is that a user-pay approach should be used 'whenever, wherever you can.' There is a trend toward moving infrastructure off the tax base and shifting the cost to users where feasible. There is some question about whether user fees should be in replacement of or in addition to existing taxes.

- The media can have a role in shaping attitudes toward infrastructure investments and different operational models by drawing public attention to issues of price, accountability, operations, control and so forth. Demographics can also influence perceptions of infrastructure — for example, an older age group might be less inclined to accept a user fee to maintain infrastructure that they feel has already been paid for with their taxes.
- The Royal Ontario Museum (ROM) is a successful example of how a cultural institution leveraged a relatively small amount of public seed money to generate the necessary funding for its redevelopment. Through a ‘marketized’ rather than ‘privatized’ approach, the ROM used provincial funds to compete in the worldwide philanthropic market — from which the majority of the redevelopment funds have been secured.
- Cultural renaissance properties, such as the ROM, can result in significant economic benefits and local spin-offs (from construction jobs to increased tourism, and so forth). However, such properties are not simply a means to an end — they are an end in and of themselves in terms of facilitating the consumption of culture. Great architecture, iconic structures and cultural institutions can have a tremendous impact on a community.
- Though it can be difficult to measure intangibles and the ‘spin-offs’ from cultural investments, some approaches include:
  - Looking at increased land values in and around the cultural or historic property/building/asset;
  - Gauging the qualitative value of the asset to the community;
  - Conducting cultural mapping to identify relationships between culture and the economy — for example, the impact on traffic and consumption patterns in the vicinity of a cultural institution; and,
  - Using a dynamic ecology approach to better understand the impact of a cultural institution on an entire district or precinct.

- Economic development, infrastructure development and environmental sustainability can co-exist. Economic imperatives should not take precedence. Environmental considerations must not be treated simply as constraints. It is important to have a longer-term, multi-generational view.
- New Zealand has created a consolidated process covering all infrastructure-related environmental consents — this approach allows all environmental concerns to be paid sufficient attention and addressed at the same time.
- In reconciling infrastructure investment with environmental sustainability, it is important to:
  - Internalize the externalities, and make sustainability part of the business planning process;
  - Recognize that price signals work (for example, higher gas prices help drive greater use of transit);
  - Design environmental sustainability features into the infrastructure at the planning stages;
  - Remember that infrastructure investment can be an important component in environmental remediation;
  - Bring together those involved with infrastructure and environmental issues early in the process — and ensure meaningful dialogue between them;
  - Consider how environmental values might change over time;
  - Be predictive and explore potential environmental effects when making decisions about infrastructure;
  - Have clearly defined and understood criteria/values and decision-making processes;
  - Have a consensus-based approach, where possible;
  - Ensure the competency of the decision-makers; and,
  - Recognize that attitudinal change may be required in cases where sustainability becomes the fundamental objective.

# Keynote Addresses

## Descriptive overview

*Two keynote addresses took place following the luncheon break. The first was a presentation by John Wright (Senior VP, Ipsos-Reid Public Affairs) on the findings from a Canada-wide survey of 1,173 adults concerning infrastructure — conducted from Sept. 21–26, 2006. The second featured remarks by Minister Caplan regarding Ontario's infrastructure initiatives and related issues.*

## The Survey

Broadly defined, the survey explored perceptions of:

- Responsibility for local infrastructure;
- The job done by different levels of government in managing infrastructure responsibilities;
- The condition of infrastructure assets;
- Infrastructure construction or upgrade priorities; and,
- Alternate wording to describe partnership and financing approaches.

The following are selected key points and conclusions drawn by Mr. Wright from the survey data:

- The public wants a long-term view on infrastructure development and investment — one that is not tied to a single political term.
- The public believes that provincial governments bear the largest responsibility for ensuring that infrastructure is maintained and enhanced.
- Ontario residents believe that hospitals, schools and roads/highways are the top three infrastructure priorities.
- Many within the public will accept collaboration between the public and private sectors on some institutional assets, depending on their sensitivity. Health care and education infrastructure assets are particularly sensitive and are intertwined with fundamental values — they are more than 'bricks and mortar.'
- The survey gives rise to fundamental questions about the core activities and role of government in society — and the roles of other sectors and entities.
- Context will play a significant part in determining how governments approach infrastructure issues in their respective regions — this will depend not only on



public expectations and perceived needs/priorities, but also on how the public judges the intention and efficacy of partnerships. The way in which partnerships are described can greatly influence perceptions of them.

Please note that the more detailed findings from each of the survey issue areas — and in support of these conclusions — are available on-line at [ontario.ca/leadersforum](http://ontario.ca/leadersforum).

### **The Minister's Remarks**

The following are selected key points made by Minister Caplan in his address:

- Infrastructure is critical to economic competitiveness, prosperity and quality of life. We are challenged to think long-term in a short-term world.
- Last year, following extensive consultation and comprehensive study/analysis, the province launched *ReNew Ontario* — over five years, more than \$30 billion will be invested in public infrastructure renewal to respond to citizen needs. A progress report on this initiative has already begun to chronicle early successes.
- Given anticipated population increases, there is a clear need for effective growth planning — to help minimize urban sprawl, environmental damage and excessive demand for and cost of infrastructure. The province has a visionary 25-year plan called the Growth Plan for the Greater Golden Horseshoe. It was developed through extensive consultation. The Plan focuses growth on those areas that can best accommodate it and includes targeted infrastructure investments aimed at creating communities that will meet the needs of today's and future generations of Ontarians.
- There is a need to work together with partners in the private sector. The province has created an agency called Infrastructure Ontario to leverage private sector expertise to bring major projects in on time and on budget using best practices recognized worldwide.
- Alternative financing and procurement (AFP) is a tool being used to leverage private sector efficiency and expertise. AFP projects are governed under the Building a Better Tomorrow Framework, which ensures that: the public interest is paramount; value for money is demonstrable; accountability is maintained; all processes are fair, transparent and efficient; and, that public ownership and control is retained for critical assets such as hospitals and schools.
- The province cannot do everything alone. Meeting the infrastructure challenge is a team endeavour.

## SESSION THREE

# Infrastructure and the Investment Climate

# 3

### Descriptive overview

*Mark Bain, the Session Three facilitator, began with some introductory, context-setting remarks. Each of the seven members of the Session's distinguished panel of Canadian and international experts — Javier Aldecoa Martinez-Conde, Christiane Bergevin, Larry Blain, Graham Brown, David Livingston, Andy Manaban and Carlos Ugarte — then gave brief presentations sharing their experiences and perspectives on infrastructure projects — with a focus on how they are tendered and financed, including implications for partnerships. Following the presentations, Mr. Bain prompted audience questions and comments on the same themes and issues — with panelists responding to and adding to points made.*

### Key themes

- It is important to establish a central organization to act as a buffer between the government and the market. This organization should have expertise in financing and experience with the tendering process.
- There is a need to maintain a consistent project/deal flow.
- It is important to have a long-term approach that spans political mandates — to ensure consistency, predictability and stability in the market.
- There is a need for a customized risk transfer approach.
- It is important to build public and political confidence in the process — there is a need for well-managed projects and public accountability. It is important to be open and transparent.
- It is important to learn from mistakes, develop clear models and refine them as needed.

- Private-sector investment in public infrastructure projects is growing in maturity. However, there is still an important role for government to offer incentives to encourage more players into the market — this would encourage more bids and help increase efficiency.

**Panelist and participant points/discussion highlights  
(listed in no particular order)**

- Large capital funds (for example, pension funds) require an investment vehicle to access the infrastructure market in Ontario/Canada.
- In Ontario, a clear distinction has been made between where infrastructure goes (the policy decisions) and how it should be financed. Infrastructure Ontario has a mandate to execute the selected infrastructure projects — typically the big, complex, initiatives. The organization includes people with a balance of private and public sector expertise. Reflecting the priorities of the government, 35 of the 43 infrastructure projects to date have been hospitals.
- It is important to develop standard protocols and contracts that can be applied across various infrastructure projects.
- Managing the contract flow is important — Infrastructure Ontario tries to manage about one RFP per month.
- Spain has a history over the past 20 years of partnerships in support of transit projects — interchanges, bus/high-occupancy vehicle lanes, underground stations and so forth (a variety of project examples was described). Private funding has been critical. These projects provide multiple benefits — a public good in terms of infrastructure that is valued and well used, and financial benefits to the private companies that administer them.

- Spain's experience reinforces the importance of projects being well-designed and implemented in order to garner the support of politicians and the public.
- From a banker's perspective and that of one with experience putting together financing for infrastructure projects, there are a number of key considerations:
  - Life cycle costs associated with the infrastructure asset;
  - Establishing reliable benchmarks — within this emerging field, there can be few known benchmarks and related expertise in certain industries and for certain projects, which can make calculating life cycle costs more difficult; and,
  - The transfer of risk in public-private partnerships — the risk should be transferred to the partner that can best absorb it at the lowest cost. (Typical risks include those relating to ownership and financing of assets, design and construction, operations and maintenance.)
- Partnerships British Columbia has brought partners to the 'infrastructure table.' Given British Columbia's growth, there is recognition that the government cannot do everything. Though still learning as it goes, Partnerships British Columbia's experiences suggest that:
  - AFP works;
  - A consistent project flow is vital;
  - Flexibility is key to successful partnership structures;
  - Consistent policies and templates can help lower costs;
  - A central service agency is important — though it can be structured in different ways, representatives from both the market and governments are required;
  - It is important that the three central service agencies in Canada exchange knowledge and work together to develop a more consistent pan-Canadian approach to bring groups into the market;
  - Impeccable accounting standards and openness/transparency are critical; and,
  - It is important to maintain a long-term, level playing field.

- From a private-sector practitioner's perspective, the following are conditions supporting success for public-private involvement in infrastructure projects:
  - Political will and sustained, broad political support;
  - Cost-effective availability of equity and debt;
  - Developed financial markets;
  - Proponents with local knowledge;
  - An identifiable and steady deal flow;
  - Specific legislation to encourage and support AFP;
  - Skilled client teams and a level playing field;
  - Consistent policies and templates for industry and government;
  - Appropriate use of honouraria to encourage participation; and,
  - Positive outcomes that demonstrate what is possible.
  
- There is an urgent need to act now to address the infrastructure deficit — it is having a negative impact on quality of life. Governments alone cannot do it all. There is a need for partnership and it is important to dispel the myth that unions and businesses are always at odds with one another. Pension funds represent a large pool of money that can invest in infrastructure, helping to create jobs and strengthen the economy.
  
- AFP-type projects have been implemented successfully around the world and they can work if:
  - There is an explicitly articulated political commitment to them;
  - The ground rules are fair and standardized;
  - The projects are successfully able to leverage large amounts of money;
  - There is a stable and transparent regulatory structure;
  - A pipeline of projects is created;
  - Projects are prioritized and certain ones are identified as appropriate for a non-traditional process;
  - The appropriate transfer of risk is determined;
  - There is protection of public sector jobs through contractual guarantees; and,
  - There is improved public education — a clear link between fees and benefits.

- The Chilean experience has demonstrated the importance of private sector involvement in infrastructure financing and operations. Given the country's poor credit rating and difficulty borrowing money, Chile turned to the private sector to help construct about 1,600 miles of toll highways — of which the public has been generally accepting. A 'concession system' approach has also proven successful in a number of other areas: airports, water, hospitals, and so forth. Ingredients for success include a:
  - Transparent and short bidding process;
  - Strong legal framework;
  - Clear, independent dispute resolution process;
  - Balance between private and public sector risks; and,
  - Flexible approach that accommodates unforeseen developments.
  
- Corruption and collusion between bidders do not appear to be issues in Canada given that:
  - It is a highly competitive industry with only a certain number of large firms competing for a few contracts;
  - Experience with the process has demonstrated that bids are often times very different, suggesting a fair and open process;
  - There is a large expense involved in pulling together a bid — this makes it uneconomical to lose intentionally;
  - Canadian civil servants are generally well-paid (particularly in comparison to many other countries) resulting in a low susceptibility to bribes; and,
  - Canadian bidding processes are now and need to remain transparent — with an emphasis on accountability.

## SESSION FOUR

### Plenary Discussion

# 4

#### Descriptive overview

*Glenn Pothier, the Session Four facilitator, began with some introductory, context-setting remarks. He then asked each of the three distinguished panelists — Joe Berridge, Harry Swain and Glen Murray — to share their thoughts about key themes emerging from the previous sessions, other interesting or unique infrastructure-related approaches, and/or key questions/challenges that remain to be addressed. Following the panelist comments, Mr. Pothier prompted 'open forum' audience questions and comments — with panelists responding to and adding to points made.*

#### Key themes and discussion points (listed in no particular order)

- Infrastructure needs are overwhelming. Given the strong macro economic conditions in Ontario and Canada, access to money should no longer be a fundamental barrier to infrastructure planning and development. This is not an acceptable excuse for inaction.
- Though there is not necessarily consensus, there appears to be significant support for and interest in: market pricing; full-cost recovery (while considering affordability issues); road tolls; retaining assets in the public realm; and, ongoing education of and dialogue with the public about private-sector involvement in infrastructure. Moreover, comments suggest the need for:
  - Competition and choice;
  - Consistent, transparent, professional processes;
  - Sustainable, long-term, dedicated financial sources;
  - Public and private sector leadership;
  - Adaptation based on lessons learned from at-home and international experiences; and,
  - Industry self-regulation to ensure responsible behaviour.
- The infrastructure business is a long-term endeavour that requires financial and managerial flexibility with reasonable timelines. A competent public sector buyer (such as Infrastructure Ontario) is critically important.
- When possible, a user-pay approach should be utilized — this makes project financing easier and proper pricing can assist with demand-management.

- There is a need to avoid inter-governmental blaming and gamesmanship — everyone needs to get on with doing the job that needs to be done to maintain and upgrade infrastructure across the country. Municipalities are responsible for large amounts of infrastructure costs, with a regressive tax base. The fiscal imbalance must be addressed.
- The quality of infrastructure is key. There is a need to consider environmental standards during infrastructure design, particularly given changing climate patterns and more extreme weather events. There is also a need to consider aesthetics since ‘architecture is the most public of art.’
- Collaboration among all levels of government, and the private and voluntary sectors is crucial. So too is the integration of development, land-use planning, transportation and infrastructure. There is a need to better understand connectivity and how communities function and the role of infrastructure in this mix.
- Looking ahead, there is a need to:
  - Assess, through quantitative and qualitative measures, how the impacts of quality infrastructure can leverage and generate more investment, increase knowledge jobs, bolster tourism, and so forth;
  - Better understand the value of infrastructure in supporting economic competitiveness, prosperity and quality of life;
  - Review tax structures and tax more positively — the infrastructure deficit cannot be addressed through property taxes alone; and,
  - Address remaining unanswered questions about infrastructure financing and related topics.
- When awarding infrastructure-related contracts, the government should look for the best value, not just the lowest price.
- The government and infrastructure agencies should be willing to accept and review unsolicited proposals regarding ideas for transportation infrastructure.
- The province should invest in companies that support apprenticeships.
- Consideration should be given to alternative financial structures based on the old BOT approach.



## In his brief closing remarks, Minister Caplan said:

# Closing Remarks

*"This conference will certainly be a catalyst to stimulate further discussions about the future of Ontario's public infrastructure...we aimed high with this conference, inviting leading experts for enlightening dialogue on the challenges and solutions facing the planners, builders and restorers of public infrastructure. Our expectations of success were not only met, they were surpassed. That is due to you."*

Minister Caplan then thanked all of the Forum facilitators, session panelists/speakers, and participants generally for their contributions to the event before formally drawing the Forum to a close.

The Leaders' Forum followed a kick-off reception at the Royal Ontario Museum on October 12, 2006. The Ministry of Public Infrastructure Renewal would like to thank Infrastructure Canada for its support.

**Ministry of  
Public Infrastructure Renewal**

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