

FAQs for Infrastructure Ontario: **A Key Agency to Implement the Long-Term** **Infrastructure Plan**

1. What is Infrastructure Ontario?

Infrastructure Ontario or IO was created by the Ontario government to manage and in some cases help finance large, complex projects and to improve the procurement process. IO was launched in 2005 and initially focused on large institutional projects such as hospitals and court offices using Ontario's version of P3s, Alternative Financing and Procurement (AFP). Over the past few years, IO has also helped to deliver transportation projects such as light-rail transit.

2. Is IO unique in Canada?

No, there are other agencies such as Partnerships BC that provide a similar role. The Canada Infrastructure Bank is proposed to be operational by late 2017 and aims to use private expertise and capital to help deliver larger, revenue-generating projects across Canada. In addition, this federal agency will accept proposals from the private sector for infrastructure projects.

3. Does IO select projects?

The responsibility for evaluating and selecting projects is the responsibility of the Cabinet, in combination with key ministries. IO does not select projects. It does, however, determine whether a particular project meets the criteria for an AFP approach.

4. What is the Long-Term Infrastructure Plan?

The Ontario government first proposed a 10-year infrastructure plan in 2011 to overcome the usual one-year budget cycle for capital projects. It was not until 2015, however, that legislation was passed, *The Infrastructure and Jobs for Prosperity Act*. Ontario's 2015 budget committed \$130 billion over 10 years. The 2017 budget extended the timeline to 13 years, with a \$190-billion pledge. Regulations for LTIP are scheduled to be finalized this fall.

5. What is a P3?

P3 stands for public-private partnerships. Ontario's AFP model is a form of P3. The U.K., Australia, Spain and many other countries have adopted the P3 approach, sometimes referred to as a private finance initiative (PFI).

6. What is procurement?

The act of buying or purchasing, especially by a government.

7. Who do you hope to be your most interested audience?

We hope that the public will take an interest in the report's praise and critique of Infrastructure Ontario, as well as politicians, bureaucrats, academics and industry stakeholders, to encourage a discussion about infrastructure and the best way to deliver the Long-Term Infrastructure Plan. Delivering well-planned infrastructure provides a foundation for economic prosperity, as well as providing social and environmental benefits. The major investment period of the 1950s and 1960s is viewed as a Golden Age for infrastructure projects and growth.

8. Is Ontario on the verge of experiencing another Golden Age of infrastructure?

If the over \$200 billion pledged by the Ontario and federal governments is spent wisely, there is potential for another Golden Age of infrastructure in Ontario. As this represents a record amount earmarked to build transit services, roads, bridges, sewers, hospitals and more, there is room for optimism. Decisions must be made strategically so that the funds pledged by Queen's Park and Ottawa are spent effectively. According to a 2014 report by the Canadian Centre for Economic Analysis, an annual investment into public infrastructure must be about 5.1 per cent of Ontario's GDP to achieve optimal economic benefit over the next 50 years. Recently, about 3.1 per cent of Ontario's GDP was invested in infrastructure, so there is room for improvement.

9. How much can be saved over the course of the 12 years pledged by the Ontario and federal governments through innovative AFP?

There is no silver-bullet answer to this question. But innovation in AFP could translate into savings of several billions of dollars across the emerging Long-Term Infrastructure Plan for projects delivered by Infrastructure Ontario. An innovation "dividend" of 10 per cent would be very significant if it could be achieved across the entire portfolio.

10. How does Ontario open up the AFP market to more bidders?

It can be achieved through transparency and evidence-based decision making, by building capacity of Ontario-based contractors and by eliminating some of the barriers to bidding on large projects. In addition, Ontario needs an explicit process for dealing with private-sector sponsored public infrastructure proposals, such as those being advanced for the Canada Infrastructure Bank for unsolicited bids.

11. What other reports has Michael Fenn done for RCCAO?

Directly related to this report, Mr. Fenn wrote "Building Our Tomorrow: The Future of Ontario's Infrastructure" in 2015 and followed it up with "Megatrends" in 2016. Many of the themes in these two reports emphasize that a fundamentally different approach must be taken to planning future infrastructure investments. Based on the severe weather events seen in North America and around the world, an obvious example will be to build bridges, water treatment facilities and electrical distribution systems with more resiliency and redundancy. Technological changes and demographic shifts will also have a great influence on what should be built in the future. Thus, customization, adaptability and efficiency were called for in future infrastructure designs and systems.