

The Empire Club Presents



**THE HONOURABLE
BOB CHIARELLI, MINISTER
OF INFRASTRUCTURE**

***WITH:* BUILDING BETTER LIVES: ONTARIO'S LONG-TERM INFRASTRUCTURE PLAN 2017**

Welcome Address, by Barbara Jesson President of Jesson + Company Communications Inc. and President of the Empire Club of Canada

November 28, 2017

Good afternoon, ladies and gentlemen. From the Royal York Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting.

Before our distinguished speakers are introduced today, it gives me great pleasure to introduce our Head Table Guests.

I would ask each guest to rise for a brief moment and be seated as your name is called. I would ask the audience to refrain from applause until everyone has been introduced.

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Bob Chiarelli, Ontario's Minister of Infrastructure

Guests:

Mr. John M. Beck, President and Chief Executive Officer, Aecon

Mr. Pat Dalzell, Senior Strategist, Corporate Affairs, Bruce Power

Mr. Ken Faulkner, Director, Government Relations, NOVA Chemicals

Mr. Mathew Kattapuram, Senior Vice President, Strategic Business Development, Aecon

Mr. Chris Morley, Vice President, Government Relations, OMERS; Director, Empire Club of Canada

Ms. MJ Perry, PhD Candidate, Theology (University of Toronto); Vice President and Owner, Mr. Discount Ltd.; Director, Empire Club of Canada

Mr. Lou Serafini, President and Chief Executive Officer, Fengate Real Asset Investments;

Board Member, The Canadian Council for Public-Private Partnerships

Mr. George Zegarac, Ontario Deputy Minister of Infrastructure

My name is Barbara Jesson. I am the President of Jesson + Company Communications and President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

I have to say that as a homeowner, I really resent expenditures on things like plumbing, furnaces, and, especially, eavestroughs. They are a particular irritant. It is not like painting your living room or buying a new sofa. Still, we know it is the hidden investments that really matter. It seems to me it is a bit like that with infrastructure. Being the Minister of Infrastructure must be one of the most thankless jobs in government, but it is probably one of the most critical.

Imagine you are going into a cabinet meeting. I know this would not happen at the provincial level, but, mind you, you

are going in to ask for \$100 million for sewer pipes.

It is not something that is going to be particularly popular with your cabinet colleagues.

We have a tendency, when we think of infrastructure, to focus our visualizations on the physical output or the process. We might imagine a new subway, a freshly paved road or the discordant symphony of jackhammer on concrete. From rails and trails to education and energy, the many manifestations of infrastructure leap to our minds quickly, perhaps, owing to their ubiquity in a province that is always building. Yet, infrastructure is more than just its physical footprint. The true nature of infrastructure too often glossed over and not easily called to mind is not predicated on what a particular development looks like, but, instead, how it will change life for the people around it. In other words, the importance and character of infrastructure lies not in its appearance, but in its implications.

A new public high school is more than four big walls, a roof and a soccer field. It is an education gateway for thousands of children, a nexus through which our youth emerge as responsible, informed citizens ready to pursue their post-secondary dreams. Similarly, a new railway track is more than just fresh lumber and shiny rivets. It is a mechanism for unity that brings people together, ensures that everyone gets to work on time and makes it home for the holidays and keeps the wheels of trade and commerce turning. I could go on, perhaps, stating that a wind turbine represents a promise of stewardship made to the next generation, or a hospital, a com-

mitment to compassion, but I think the point has been made. Infrastructure is less about building places and more about helping people.

The Government of Ontario has clearly recognized the importance of its infrastructure, and the priority of taking the long view to take the long view, which is not an easy decision for governments to make. What began in 2011 with a \$35 billion investment on the “Building Together Plan” has evolved into a 12-year commitment for infrastructure development and investment worth over \$160 billion. The largest infrastructure project in the province’s history is in full swing, covering all sectors of healthcare, recreation, transit and education and setting Ontario apart as a global leader in infrastructure. We really have to commend our government for this foresight and ensuring the future for all of us.

Our speaker, today, is at the forefront of this revitalization and realization of Ontario’s infrastructure goals. Bob Chiarelli was first elected to the Ontario legislature in 1987 as MPP for Ottawa West, but now serves as Minister of Infrastructure, responsible for implementing Ontario’s first 10-year infrastructure plan, “Building Together.”

Mr. Chiarelli also served as the Regional Chair of Ottawa-Carleton and was later elected as the first mayor of the amalgamated City of Ottawa. In those roles, he championed expansion of light rail and other public transit; new recreational and health care infrastructure; and the maintenance of Ottawa’s triple-A fiscal rating.

Mr. Chiarelli ran a community law practice for 18 years

and has served as Vice-Chair of the Royal Ottawa Foundation for Mental Health. He is a member of the board of Peace Camp Ottawa.

Please, join me in warmly welcoming the Honourable Bob Chiarelli, to our podium.

The Honourable Bob Chiarelli

Thank you very much, Barbara, for your kind introduction. With respect to a thankless job in the cabinet, being infrastructure, all I can say is when I was appointed Minister of Energy, I got ten condolences for every congratulations.

Good afternoon, and, welcome, everyone. Bonjour et bienvenue à tous. Thank you to the Empire Club for hosting us here today and for your venerable history and ongoing sponsorship of important public discourse. Thank you all for joining us here, today, as we release our new “Long-Term Infrastructure Plan.”

As some of you may be aware, I am a big hockey fan, so it is always nice to be so near the Hockey Hall of Fame. One thing we know at the Ministry of Infrastructure is that the placement of landmark institutions is very important for cities, especially, in this case. If the Hall of Fame were anywhere else, Maple Leaf fans would never get to see the Stanley Cup, although their hopes are justifiably up this particular year. In all seriousness, though, today it is my honour to present “Building Better Lives: Ontario’s Long-Term Infrastructure Plan 2017.” You will all have found copies on your chairs. When you have time to read it, you will find that the Ontario

Government is going to great lengths to ensure we have the same foresight as the Hall of Fame, namely, we are building what is needed in the right places for the right people at the right time.

Before I go on, I would like to take a moment to thank the NGOs, universities, think tanks, industry associations and stakeholders that study and research infrastructure issues because at the Ministry of Infrastructure, we could not do what we do without their help and leadership. They bring strengths and ideas to our government, and we are incredibly grateful for their work and engagement.

Also, before I get into the details of this plan, I want to take a step back and talk about why we need a long-term infrastructure plan in the first place. Whether you think about it or not, you are constantly using provincial infrastructure, as Barbara just indicated. It helps keep the lights on in this building and the HVAC system running. It pays for the tracks and trains that got you to work this morning and will take you home at night. It is the roads you drive on, the water you drink, and it is the broadband that delivers you Internet. It is the schools your children go to from junior kindergarten around the corner to the universities and colleges across the province. It is the hospitals where Ontarians receive first-class healthcare. That is how we choose to see infrastructure, not just as bricks and mortar or buildings and roads, but as the places that make the people of Ontario who we are. What surrounds us, helps define us. What we choose to build and how we choose to build it are, in fact, the expressions of who we are. That is why we

chose the title we did for the long-term infrastructure plan.

“Building Better Lives” means making sure we have the buildings, roads, transit and services we need to deliver quality of life and a strong economy to our citizens. Premier Kathleen Wynne speaks often about fairness and opportunity as the touchstones of our government. Those values inform our decisions, for example, to make college and university tuition free for people of modest means or to make prescription drugs free for everyone under age 25. Fairness and opportunity also inform our decisions with respect to infrastructure. It is not just our community benefits program, in association with larger infrastructure projects, or how many childcare centres we will fund. We take that very seriously at the Ministry.

Our long-term infrastructure plans are an important way we challenge ourselves to continually improve how we make decisions to help people and businesses get ahead. In an area of accelerated change and disruptive technologies, the need for resilient and substantive infrastructure based on responsive and inclusive planning has never been greater. These challenges require bold action and flexibility for change as we design and build the next generation of infrastructure and shape the Ontario of tomorrow with innovations, like artificial intelligence, the Internet of Things, digitally advanced hospitals and healthcare or hydrogen technology in public transit.

We also need to put climate change front and centre in our decision-making, so we can ensure environmental sustainability in a world in which temperatures are rising. To be very clear, the document you have in your hands, today, does not

announce new projects or provide a comprehensive project list. Rather, it is a strategic plan and not a checklist. It outlines new strategic steps regarding infrastructure planning and delivery. It touches on new technology in schools, hospitals, post-secondary facilities, public transit lines and community hubs. It explores how we can best maximize the use of the infrastructure we have today and helps to determine the ideal repair and replacement schedules for tomorrow.

I would like to give you just four examples of new directions, new policy directions, in the “Plan.” The actual “Plan,” itself, including the appendices, is 251 pages. It is a lot to read, but I just wanted to take four of the key examples that we are going to place a priority on.

Firstly, our plan includes implementing lifecycle assessments of our infrastructure starting in 2019 to help us move the province towards a low-carbon future. Put most simply, lifecycle assessments will consider the total costs, including the environmental impacts and costs of an infrastructure asset over its entire lifespan from construction to decommissioning. This is a new way to assess our infrastructure in the new world of climate change and disruptive technologies. It puts an environmental cost on a project instead of just a fiscal cost that we look at today, and it will help us measure GHG impacts to help us meet GHG targets in our climate change action plan.

A second example: In our larger infrastructure projects, the RFPs will require more pilot projects to develop our community benefit programs. These will provide supplementary social and economic benefits to local job creation and training

opportunities, improvement of local public spaces or other benefits communities identify. These pilot projects will be developed through the next year, leading to a full community benefits framework in 2019.

A third example: We will also be expanding our coverage of high-speed Internet. This will include the development of a comprehensive broadband strategy that will outline a roadmap to connectivity for the whole province. That includes leveraging private sector expertise, financing and participation, as well as federal cooperation through the Canada Infrastructure Bank. Smart homes, mobile device streaming, autonomous vehicles, disruptive technologies and artificial intelligence and many more things mean that broadband demand will continue to grow exponentially. Our comprehensive broadband policy will be released in 2019. We are currently providing \$160 million in R&D financing for 5G next-generation networking here in Ontario.

The fourth example: You will also find that the “Long-Term Infrastructure Plan” details on how we intend to move forward with a social purpose real estate strategy. I will say that again: a social purpose real estate strategy. This will help us embed community and social needs into government decision-making on surplus properties while building up our complement of community hubs. We have also provided, in downtown Toronto, strategically located properties that will bring revenue to the province while leveraging 20,000 affordable housing units.

These examples are innovative steps forward for infra-

structure in Canada, and we are provincial leaders. We are building on that reputation. The “Plan” marks the first time we have a full provincial asset inventory. This is a very important milestone that will help us plan for the future. It is important to keep in mind that the Province of Ontario is the second largest landowner, real estate owner, in Canada after the federal government.

One of the most exciting parts of our new plan is also one of the more complicated, new enhanced modeling that will assist in locating important infrastructure. Just like building the Hockey Hall of Fame to be near Leafs fans, we need to build hospitals in areas with aging populations, schools in neighbourhoods with young children and community hubs in smaller, rural communities.

All of the information from our asset inventory will feed into what is called the “Stable State Model.” That model uses a number of variables from the asset inventory to demographic trends to give us a more comprehensive view of our needs as a province. This may sound dry and obvious to some folks, but it is an important new step in public infrastructure planning. That is something Ontario is becoming known for. People come from all over the world to learn what we are doing here in Ontario.

A case in point, as many of you are probably aware, is our “Alternate Financing and Procurement P3 Model,” better known as our innovative AFP program. We have been using this model for over a decade now. As it has evolved, it has continued to set the standard for how government works and

the private sector to build public infrastructure. It moves risk away from taxpayers to the private sector, while the province remains the owner of the assets. That is the bugaboo that bothered the unions for a long time. The fact that we continue to own the assets really has their confidence, and they are very, very much participating in AFPs.

As you will read in the LTP, we will continue to strengthen our AFP model, and we will innovate with additional models. This is all part of the new pace of change and innovation, and we know we cannot be left behind. There is always somebody somewhere, somehow coming up with something new, a way to challenge the status quo. We can assure you that here, in Ontario, we have joined the disruptors. Our government does not fear change; our government embraces it. Humber River Hospital and the new Mackenzie Vaughan Hospital are both prime examples.

Humber River Hospital has been recognized with a number of awards for innovation, and Mackenzie Vaughan Hospital is proving to be, perhaps, even more innovative. As an Infrastructure Ontario AFP project, it will be the first hospital in Canada to feature fully integrated state-of-the-art smart technology and will set a precedent for other hospitals in Ontario and perhaps across Canada.

The computer systems at Mackenzie Vaughan will recognize healthcare providers and their patients and anticipate their needs. Wireless devices will provide up-to-the-minute information where it is needed. Whether it is hospitals, roads, transit, schools or the investment in R&D and high-speed

Internet services, we continue to improve quality of life and make Ontario more competitive.

It is also important to us to keep the public informed. That is why we recently launched a tool to help people keep track of how their tax dollars are being used to build up their very own communities. Our website, ontario.ca/buildon, features an interactive map that now lists more than 3,500 projects across the province, and projects are added every day.

If you allow me to be partisan for a moment—I am a politician—most of those projects would never get built under the opposition. In the past, the Conservatives ran their infrastructure like Harold Ballard ran the Toronto Maple Leafs, by investing as little money as possible, knowing that people would still fill the roads like they used to fill the seats at the Gardens. I have got something later, too. You will like it. You will like that one better. In their last year in office, the Conservatives invested \$1.9 billion in infrastructure, hardly enough to maintain the then-existing infrastructure, while our government has averaged almost \$12 billion per year in infrastructure investments.

The Conservatives stopped investing in energy assets, and so they lost transmission and generating capacity, which required the purchase of \$1 billion per year of imported electricity from neighbouring jurisdictions. They lost reliability and had to place large generators in downtown Toronto as backup power. We have invested \$70 billion to fix the broken electricity system, and the current Tories have shown little interest in a lucid or comprehensive infrastructure policy. It can easily

be noted in their new policy document, which they issued over the weekend.

To quote my colleague, Brad Duguid, who quoted the Beatles in the legislature—Brad sits beside me in the legislature and I had to laugh at this, because he was quoting a Beatles song and making reference to Patrick Brown: “He’s a real nowhere man, sitting in his nowhere land, making all his nowhere plans for nobody. He doesn’t have a point of view, knowing not where he’s going to.” For example, this summer, he told municipalities that his party unequivocally supports rural natural gas expansion, which we initiated, and then, this past weekend, announced he wants to scrap our rural natural gas plan expansion program altogether. There are many, many examples, such as that.

It has never been clearer to Ontarians that the Leader of the Opposition does not respect his commitments. In his new policy document, he says he has billions of dollars in new spending on the docket, but he will not tell you that his own document, in small print, says that he needs to find about \$12 billion in cuts in order to fill the gap and provide those new assets. As Ontarians, we should all be very nervous about that. It sounds vaguely familiar to cutting 100,000 public service jobs.

We already know that he will cut all economic development funding, those funding projects that we use for job creation and to maintain jobs. That is their philosophy.

They said over and over again in the recession that the assistance that we provided to General Motors and other au-

tomobile manufacturers, which helped save our economy, is something that they would vote against again.

On our side, we know we have a responsibility to make people’s lives better. We know the only way to do that is to maintain a strong economy and continue to grow it. That is what we are doing here in Ontario. Over the last two years, our economy has grown by 6.1%. Last year, our growth was double the national average and was faster than that of the United States and all the G7 countries. Ontario is, once again, the economic engine of Canada based on RBC and TD both projecting that Ontario will lead all the provinces this year with 2.5% and 2.6% growth, respectively. Some analysts are right now projecting Ontario’s GDP rate this year will end up at 2.9%. Meanwhile, our unemployment rate is now sitting at 5.9%, lower than the national average for the past 31 months. In the past 12 months, Ontario is up more than 149,000 jobs, and a big part of that is because of our infrastructure investments, which support 125,000 jobs, on average, every year.

Our long-term infrastructure planning and investments are a strategic element for a strong economy and a better quality of life for Ontarians. I will use Ottawa as an example. For example, for the last full year of available data, the city of Ottawa’s employment has increased by 16,000, mostly full-time, high-paying, private sector jobs, and Ottawa’s tech community tells us they are short 3,000 engineers. The tech sector is booming as it is in Toronto, as it is in Waterloo and other places.

We live in the best province in the best country in the

world, and that does not happen to be by accident. That happens to be through planning. This document is a testament to how our government is focused on using evidence and analytics to improve how we provide services and build Ontario up.

As I conclude, I want to thank everyone from the Ministry of Infrastructure who worked on this plan. It was a massive undertaking, especially since the Ministry was completely restructured over the last 15 months under our experienced and energetic Deputy Minister, George Zegarac. Thank you, Deputy, for doing a fantastic job for all of us.

While we might celebrate the completion of this document for an hour or two, we all know there is more work to come because this is not a finished document. This is not a plan that we put on a shelf to collect dust. In this era of accelerated innovation and climate change, to continue to lead, we must also be ready to continue to evolve. As challenges continue to change, the “Long-Term Infrastructure Plan” will change with them to enable us to continue to build a better province for Ontarians. We all ask of you for your continued help on the road to building a better and stronger Ontario.

One last message: When you rebuild, make the right investments and plan for the future, like the Leafs. It pays big dividends. Thank you!

BJ: Patrick Brown will be back with his rebuttal in December.

Please, welcome Mr. Lou Serafini to thank the Minister.

Note of Appreciation, Lou Serafini, President and Chief Executive Officer, Fengate Real Asset Investments; Member, Board of Directors, the Canadian Council for Public-Private Partnerships

Mr. Minister, thank you very much for those words—very positive, very informing. I just want to say I have had the experience at Fengate to work with Infrastructure Ontario and your government for many years now. One thing that your government has done is take the balanced approach to investing in infrastructure and many sectors and many communities. We are seeing many people talk about infrastructure as a need, as opposed to whether it is a good decision or not and what it can do for our communities. Through Infrastructure Ontario, you have established a world-class organization. It is the envy of the world. We are bidding a project on Indianapolis. They were taking the lessons learned here in Ontario.

Lastly, when we first started, we used to see many opponents of infrastructure investing from unions, and today, they are the most significant investors in Canadian infrastructure. This all happened with you as our biggest proponent, and two tours of duty with this portfolio.

On behalf of the Empire Club of Canada and everyone here today, thank you for your kind words.

Concluding Remarks, by Barbara Jesson

I want to express a sincere thank you to our generous sponsors, today. Without sponsors, we could not bring these kinds of important public discussions to our forum. Sponsors, Bruce Power, Aecon and Nova Chemicals, thank you all so much for making this event possible today.

I would also like to thank mediaevents.ca, Canada's online event space for webcasting today's event for thousands of viewers around the world.

Although our club has been around since 1903, we have moved into the 21st century and are active on social media. Please, follow us on Twitter @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us at our next event, November 30th when the Honourable Mitzie Hunter, the Minister of Education, will be with us right here at the Royal York Hotel. Thank you very much for your attendance today.

This meeting is now adjourned.