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Hon. Amarjeet Sohi  
Minister of Infrastructure and Communities  
427 Laurier Avenue West  
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Canada

Minister Sohi,

The Ontario Chamber of Commerce (OCC) welcomes the federal government's commitment of \$120 billion in infrastructure funding over the next decade in the 2016 Federal Budget. The OCC and its members have been strong proponents of renewed investment to update or replace our aging infrastructure assets and enhance the long-term productivity of our economy. Federal infrastructure funds, coupled with commitments by the Government of Ontario, present a critical opportunity to build the foundation for Canada's future prosperity.

To maximize the benefits of renewed investment to the economy, however, we must ensure that infrastructure funds are allocated effectively and efficiently to the right types of projects. This demands a high level of coordination amongst the various levels of government that are responsible for funding, building, and maintaining critical infrastructure. We understand that the federal government is in the process of determining how funds in Phase Two of the federal infrastructure plan will be disbursed. Getting this distribution process right will be essential to implementing a fair and impactful federal infrastructure plan.

To do this, the OCC believes it is critical that the federal government adhere to two principles or approaches.

First, Phase Two infrastructure funding should be distributed, to the maximum extent possible, on a per capita basis to reflect the distribution of Canada's population. This is a principle we raised in our federal election platform, In Focus, last year.<sup>1</sup> Allocating the majority of the funding on a per capita basis is simple, transparent, and extends the benefits of projects to the most Canadians. From an Ontario perspective, per capita funding would also recognize the need to close the federal fiscal gap that the province has historically experienced more broadly, estimated at between \$9.1 billion and \$12.5 billion in 2014.<sup>2</sup>

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<sup>1</sup> <http://www.occ.ca/wp-content/uploads/2013/05/In-Focus.pdf>

<sup>2</sup> [http://www.occ.ca/wp-content/uploads/2013/05/2016\\_Federal\\_Pre\\_Budget\\_Report.pdf](http://www.occ.ca/wp-content/uploads/2013/05/2016_Federal_Pre_Budget_Report.pdf)

Second, we encourage the federal government to adopt an outcomes-based approach to infrastructure funding instead of a project-based approach. In the 2016 Federal Budget, the government articulated a vision for Phase Two: “This second phase will go hand in hand with the transition to a low-carbon economy. It will make Canada’s largest cities better places to live, through cost-effective, sustainable, integrated transportation networks. And it will aim to deliver fast, efficient trade corridors that allow Canadian exporters to benefit fully from international trade.”<sup>3</sup> For the provinces and municipalities, the investment priorities and portfolios to achieve this vision might look very different. An outcomes-based approach, by allowing provinces and municipalities to match their own investment plans to the federal vision, could accommodate these national differences. What must happen first is greater definition by the federal government of the specific and tangible outcomes it would like its infrastructure plan to achieve. Provincial and municipal plans must then be evaluated against that vision. For the OCC, a necessary outcome is that infrastructure projects are productivity-enhancing.

As the federal government moves ahead with the design and implementation of Phase Two of its infrastructure plan, the OCC is an eager and willing partner. Combined, federal and provincial infrastructure investments have the potential to significantly enhance the long-term prosperity of Ontario and Canada. We intend to continue to be a part of this conversation throughout 2017.

Sincerely,

A handwritten signature in black ink that reads "Allan O'Dette". The signature is written in a cursive, flowing style.

Allan O'Dette  
President & CEO  
Ontario Chamber of Commerce

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<sup>3</sup> 2016 Federal Budget, pg. 87