

Burlington Chamber of Commerce New Highway Construction

Issue:

Efficient transportation of both goods and people is a key concern of Ontario's business community. A fundamental principle of Ontario's transportation system is that the construction, operation and maintenance of highways are a public service. Historically, the provincial government has been responsible for the operation and maintenance of Ontario's major highways.

Failure of the provincial government to maintain ownership of transportation infrastructure will result in higher costs for users and higher costs for business. At the same time, the government needs to recover the high front-end cost while maintaining ownership.

Background:

In June 1997 the Ontario government opened the 407 ETR Highway. After only 23 months of operation, in May of 1999 the Ontario government sold the newly constructed 407 ETR Highway to 407 International Inc. This resulted in the loss of a long-term revenue generator for the province. It has also resulted in higher end-user costs due to a loss of provincial control over rates paid by highway users. Since the sale of the 407 ETR highway rates have risen by 39.5% (based on peak time rates). This has the result of increased transportation costs for Ontario businesses reliant on Ontario's highways to transport goods.

The provincial government sold the 407 to a private company as a way to recover the high construction cost of the new highway. Alternate, business-friendly methods of cost recovery include short-term toll collection. An example of this is the construction of the Burlington Skyway bridge. After construction of the bridge, tolls were collected for a period of 15 years and were then eliminated.

RECOMMENDATION:

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Retain ownership of any newly constructed highway;
2. Ensure the construction of new highways and the extension of existing highways be paid for with tolls that are removed when the cost of construction is recovered.