

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 good. The provincial government, on behalf of all Ontarians, is responsible for the safe, reliable and economically efficient operation of Ontario's highways.

Failure of the provincial government to maintain control and ownership of transportation infrastructure will result in higher costs for users and higher costs for business.

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 leased 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 leased 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:

Ensure that if construction of new 400 series highways in Southern Ontario and the extensions of existing highways is paid for with tolls that those tolls are removed when the cost of construction is recovered and, in the case of public private partnerships, any changes in tolls be subject to approval by the Ontario government.