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The Land Economist

PROFESSIONAL JOURNAL

ASSOCIATION OF ONTARIO LAND ECONOMISTS

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PHOTO Courtesy Canadian Wood Council

Ontario could see 5 and 6-storey wood frame projects like this one from British Columbia if Building Code changes out for comment now are accepted. **See page 8 for more details.**

Halton's New Competitiveness Stats

Early this year, Halton Region produced some interesting new "costs of industrial and commercial development" figures to help guide its policy analysis.

The new figures, produced by Watson & Associates, estimate total annualized per-square-foot costs for developing typical buildings in different municipalities in the Greater Toronto and Hamilton Area (GTHA) and select communities in the Greater Golden Horseshoe (GGH). They include land, buildings, and a standardized figure for developer's profit, plus development charges and property taxes.

"A few years ago, Halton had some of the highest industrial and commercial development charges in the GTHA," says John Davidson, Halton's Director of Economic Development. "The business community told us repeatedly that it was hurting our competitiveness.

"But companies looking to expand or relocate will consider a host of different factors," he said. While building costs are pretty uniform across the Toronto market, "land costs can vary significantly, and so do municipal taxes and development charges.

"We wanted to take a look at the overall cost of new development. And we found that Halton is generally competitive across the GTA."

Watson's Erik Karvinen says Halton's study presents a useful way to assess municipal cost competitiveness for office and industrial development.

"It gives some context to assessing total development costs, with a comprehensive look at the cost inputs, including both development charges and property taxes, as well as building and land."

"There is an ongoing economic development argument within municipalities over higher development charges v. lower property taxes, and what is the right mix," Davidson adds.

"We hope this study will be a good starting point for looking at competitiveness as a whole across the GTHA. All municipalities are facing the same issues, with different policy approaches."

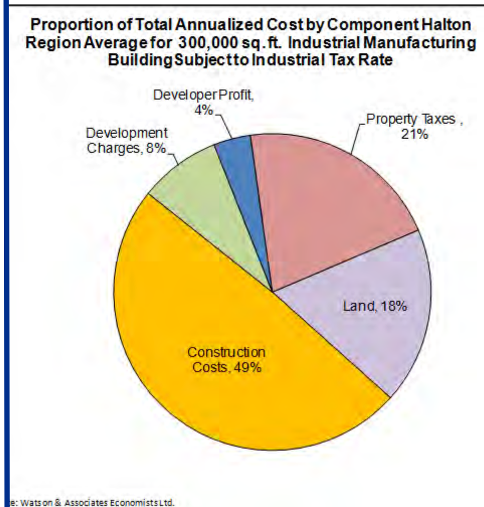
Davidson and Karvinen are both open and available to discuss the cost competitiveness study.

"This is a snapshot of conditions in late 2013. We are interested in whether the analysis resonates with the experience of ICI developers and others across the GTHA."

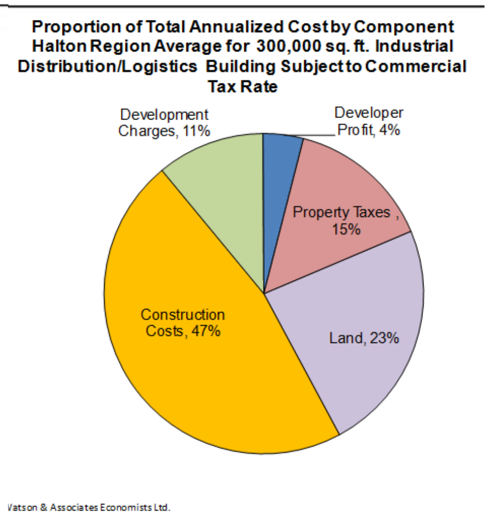
Continued on page 3

Halton Region: *cost breakdown (industrial)*

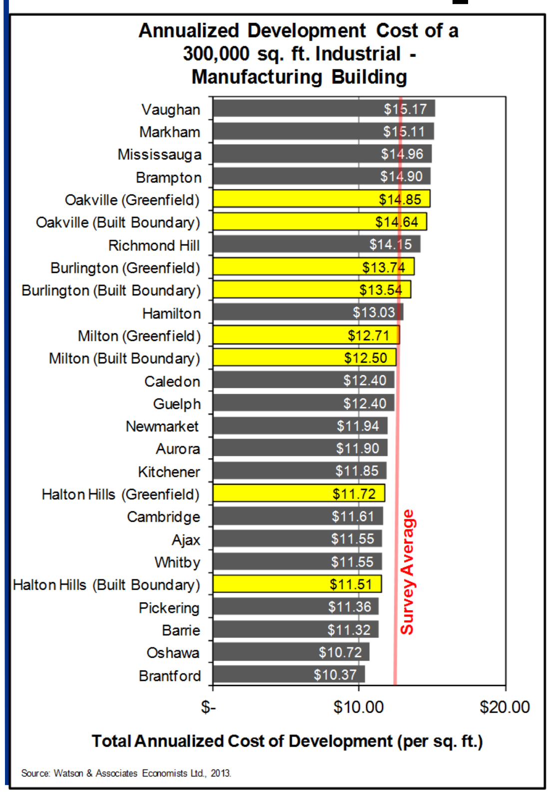
Manufacturing (Ind Tax Rate)

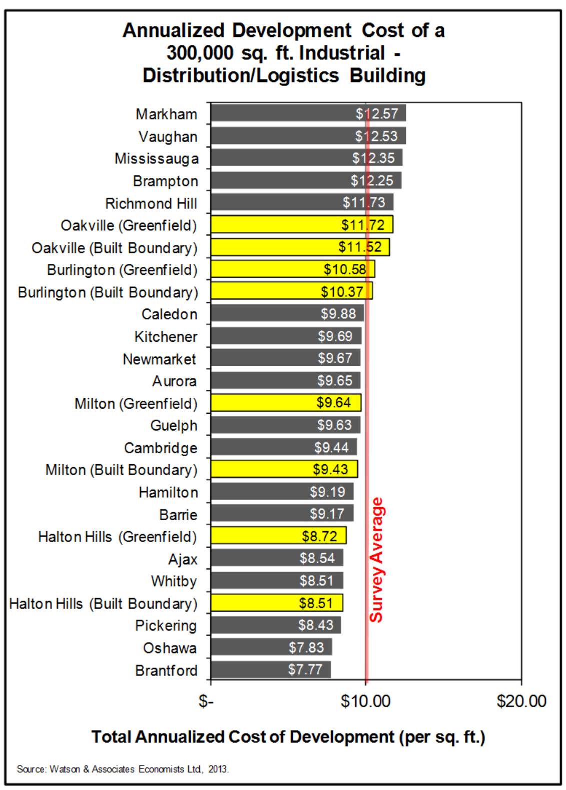


Distribution (Comm Tax Rate)



Select GGH Municipalities: *cost totals (industrial)*





Halton … continued from page 2

To comment on these comparisons, please contact:

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John Davidson: john.davidson@halton.ca, 905-905-825-6000 x 7828

Sources:

Land Cost:
Average price of serviced vacant employment land per acre based on 2013 market data compiled by DTZ Ltd., multiplied by the acreage requirement based on an assumed FSI, e.g. 30%, divided by the GFA for the building size being considered (e.g. 150,000 sq.ft.).

Construction Costs:
Hard construction costs (e.g. materials, labour) adapted from 2011 Toronto Real Estate Board Rough/ Advanced Guide to Construction Costs by Watson & Associates and DTZ Ltd.

Soft construction costs (e.g. engineering, consulting services) assumed to be 16% of hard construction costs, based on consultation with DTZ Ltd.

Construction costs vary by building type and municipality based on location factors provided in 2013 RSMeans Building Construction Costs data. (All municipalities in the GTA are assumed to have the same building costs.)

Development Charges:
Calculated on a sq.ft. basis, as per the various municipal DC schedules compiled by Watson & Assoc.

Developer Project Profit:
Assumed a flat percentage of the total cost (land + construction + development charges per sq.ft.) at 5%.

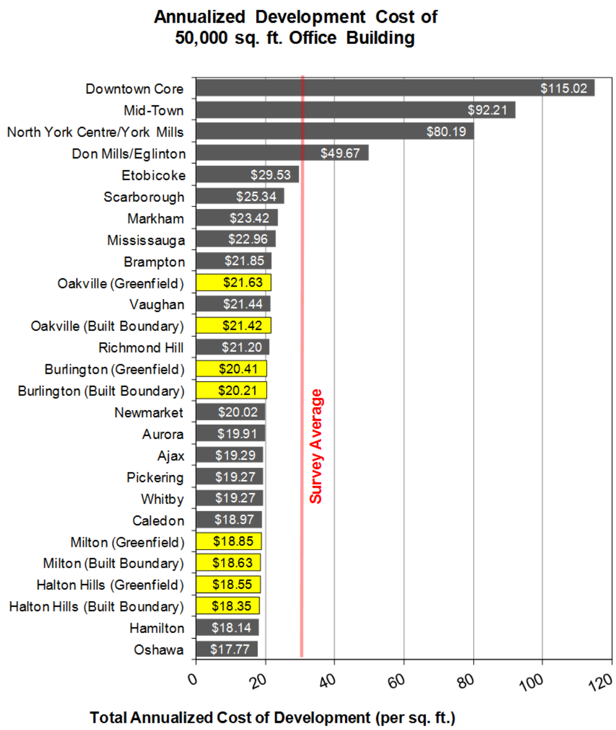
Annualization:
Factor of 6.5% based on 25-year period and discount rate of 4.1% which is representative of industry trends.

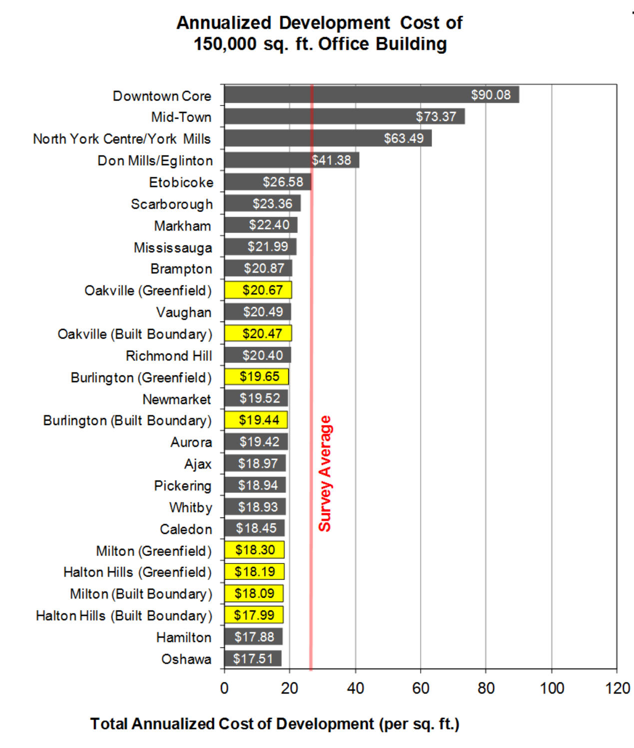
Property Taxes:
Reflects lower/single tier, upper tier (where applicable) and education property taxes, compiled by Watson & Assoc.

Assessments derived from a survey of comparable industrial/office developments across Halton Region and the surveyed municipalities.

Data acquired from Halton Region, or compiled by DTZ Ltd. using Geoware database system.

GGH Municipalities: *cost totals, office*





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ONTARIO CODE PROPOSALS: 5 & 6 STOREY WOOD BUILDINGS

PHOTO Courtesy Canadian Wood Council

A lot of builders in Ontario are looking forward to having the option of building five– and six-storey buildings with wood frame.

Along with the wood industry and research groups, they have been actively working for changes for several years.

In March, they applauded the Ministry of Municipal Affairs and Housing's proposals for building code changes, which are out for public comment until May 4.

"Communities across Ontario, from London to North Bay, will all benefit from the housing, rental and office opportunities that this provincial proposal provides," said Joe Vaccaro, CEO of the Ontario Home Builders' Association (OHBA). "We look forward to seeing Ontario projects this year."

Currently, Ontario's Building Code, like those in most other provinces, limits wood frame construction to four storeys. However, British Columbia changed its code in 2009 to allow up to six storeys, Quebec has issued design guidance, and the model National Building Code (mNBC) its currently finalizing new requirements to go into its 2015 edition. Mid-rise wood construction is also allowed in the codes of most European Union countries, and in some northwestern States.

Benefits of Mid-Rise Wood Frame

Mid-rise wood frame construction is expected to encourage innovative design, revitalization and infill development. The City of Toronto's Avenues policy, for example, would allow buildings to be as high as the road width — typically right in the 18-20 m. height range allowed under these proposals.

With its lighter structure and often quicker time frame, mid-rise wood has been shown to decrease construction costs by up to 10% or 15%, even including the extra fire protection features.

Wood is also considered by many to be environmentally 'friendly'. For many parts of the province it is also economically 'friendly' — providing needed jobs and markets for logging companies, mills and possibly engineered wood products manufacturing.

Comparing mNBC and Ontario

The mNBC proposed regulations were issued last fall, with public comments due by Dec 15. Staff has gone through the responses and recommendations go to the committee this month.

Ontario's policy proposals have a May 4 deadline for public comment. There is no official position on how quickly they could progress after that.

Both the Ontario and mNBC proposals would allow residential or commercial buildings, with a height to the top floor of no more than 18 metres (20 metres from the level of a street or route providing fire access). This reflects the maximum height for standard fire ladders and hoses.

Mercantile and small assembly uses such as bookstores, small restaurants, art galleries, medical offices, etc. would be allowed on the first and second floors.

Maximum area would be no more than 9,000 m^2 for residential buildings (1,500 m^2 per floor for a six-storey building). For commercial buildings, the maximum area is 18,000 m^2, for 3,000 m^2 per floor at six storeys. However, larger building areas could be divided into smaller 'buildings' by fire walls, as long as each has firefighter access.

And additional safety for the public and fire fighters would be achieved through extra fire resistance, sprinklers and blocking.

However, there are four main differences:

- the NBC draft issued for public comment last year proposed a minimum of 25% of the building perimeter must be within 15 m of a fire access route, while Ontario — with an eye to infill development — is proposing 10%
- mNBC proposed requiring non-combustible cladding or fire tested exterior assemblies only on storeys five and six, while Ontario would require that on all floors
- Ontario would require roofs of Class A roofing materials, while the mNBC would only require that for roofs more than 25 m high
- both are proposing extra sprinkler protection in concealed spaces, but Ontario would require sprinklers on all combustible balconies and decks, while the mNBC would exempt those less than 610 mm deep
- mNBC would allow wood construction for stairwells as long as they met the 1.5 hr fire resistance rating, while Ontario would require non-combustible construction (concrete, masonry or steel and drywall) as well

The "Wood and Wood-Hybrid Midrise Buildings" group is examining the performance of a variety of structural options for mid-rise wood buildings. Results of one significant study are expected soon. These "will also help to inform the development of the proposed Building Code requirements," the Ontario proposal document says.

To comment (by May 4): www.ontariocanada.com/registry/home.jsp > Current Proposals > Regulation Under the Building Code Act

RM

Can the Toronto Region Meet these Surprisingly Robust Long-Term Economic Forecasts?[1]

by Dr. Frank A Clayton, PhD

The Toronto Region has recorded an impressive economic performance in term of employment and population growth over the past decade or more compared to most competitive North American urban regions, including Montreal, Boston and Chicago.

These strong fundamentals have spurred a great deal of building construction and attracted real estate investors from around the world -- and produced some seemingly very optimistic predictions for the future. But there is no guarantee that the Toronto Region will achieve these robust levels of population and employment growth.

This article examines why Toronto has had it so good, and how long the good times will continue.

Focus on the Toronto Region – Not the City of Toronto

The focus is on growth prospects for the Toronto Region as a whole.

The Toronto Region continually ranks as one of the top urban regions in the world in which to live, work, and conduct business. Unfortunately, the media often misconstrues these accolades as referring to the City of Toronto alone, to the neglect of the outer 905 areas.

There is no question that the City of Toronto is a very important part of the Toronto Region. In 2011, it had 44% of the Region's jobs and 40% of its population. However, the corollary is that 56% of the jobs and 60% of its population are found in the 905 areas.

Even more significant, statistics for the 2001-2011 decade indicate the vast majority of growth in the Toronto Region (Greater Toronto and Hamilton Area, or GTHA) has been outside the City of Toronto:

- The City accommodated just 15.5% of the 526,000 jobs created in the Region during the decade; and
- The City accommodated just 14% of the 1.04 million additional people living in the Region during the decade.

Despite the surge in population and employment growth in the central part of the City of Toronto, the expectation remains that the 905 regions will continue to account for the bulk of the Region's employment and population growth over the next two to three decades.[2]

ILLUSTRATION: Natural RX, modified from File: Canada Ontario location map.svg, Wikimedia Commons

I want to add my voice to that of the Toronto Region Board of Trade: "*that Toronto's economic strength comes not just from within the City's borders but also from the Greater Toronto Area*".

The Board also notes that "*city regions are now the economic engines of countries, and the Toronto region is no exception.*"

Toronto Region Board of Trade's *2014 Toronto Scorecard* (Toronto CMA)

Toronto Scorecard is an annual report published by the Toronto Region Board of Trade (TRBOT), with research support from the Conference Board of Canada, comparing the economic performance of the Toronto Region (Cen-sus Metropolitan Area) against more than 20 other global urban regions.

For its 2014 Toronto Scorecard, TRBOT for the first time prepared two sets of forecasts for the Toronto Region's economy up to the year 2035:

- The base case forecast or 'business as usual' scenario based on current trends and known investment projects including only phase 1 of Metrolinx's The Big Move; and
- The 'competitive' scenario, which assumes:
  - ◊ Metrolinx's phase 2 of The Big Move is implemented;
  - ◊ more than 70% of the existing municipal infrastructure gap in roads, water and wastewater systems is filled;
  - ◊ productivity in key industrial clusters rises; and
  - ◊ there is a better matching of skills with jobs in the human capital area.

As a first step in the proactive direction, the Board has released a companion economic vision and strategy report.

Comparison with Hemson's Forecasts for the GTHA for *Places to Grow*

The table on page 5 contains employment and population growth for the Toronto Region as published in TRBOT's 2014 Scorecard for the Toronto CMA and compares them with the reference forecast for the larger GTHA recently prepared by Hemson and utilized for the Government of Ontario's Places to Grow planning exercise.

Under both scenarios in TRBOT's 2014 Scorecard, the news appears good for the real estate and development sectors in the Toronto Region, with the demand for both employment space (commercial, industrial and institutional) and housing continuing to be robust.

The population is anticipated to rise by an average of between 120,000 and 127,000 persons annually — up from about 100,000 per year — and the average annual growth in employment is in the 50,000-57,000 range.

The TRBOT forecast supports and goes beyond Hemson's robust growth forecasts prepared in 2012.

However, The Toronto Region's economic performance has not been all rosy under the 2014 Scorecard's microscope. From the perspective of real Gross Domestic Product (GDP)/income per capita and labour productivity, the

Continued on Page 6

Forecasts for Average Annual Growth, Toronto Region

	Hemson (GTHA 2011-2036)	Toronto Region Board of Trade (CMA 2012-2035)	
		Business as Usual/ Base Case Scenario	*Competitive Scenario*
Employment	45,000	50,000	57,000
Population	111,000	120,000	127.000

Sources: Toronto Region Board of Trade, *Toronto as a Global City: Scorecard on Prosperity - 2014*; Hemson Consulting Ltd, *Greater Golden Horseshoe Growth Forecasts to 2041*, November 2012

Toronto Region "*is still dwarfed by the economic powerhouses of San Francisco, Boston, Seattle and Dallas*" (page 11).

Under the base case scenario, the Toronto Region continues to lag its U.S. counterparts in terms of income per capita and labour productivity. In the competitive scenario, proactive measures are taken to reduce this gap and raise incomes of Torontonians relative to competitive regions.

How Realistic are These "Good News" Scenarios of the Toronto Region's Growth Performance?

My reading is that the economic future of the Toronto Region is highly dependent on net migration and the Region's role as a global financial centre. Both face some challenges.

1. Will rising migration cause population in the Toronto Region to increase by an average of between 120,000 - 127,000 persons per year to 2035?

I agree that the pace of population growth has been and will continue to be intrinsically tied to the flow of future immigration, and that population growth in the Toronto Region is a key driver of economic growth. The Board does not lay out its assumptions of future immigration levels to Canada and the shares that will locate in Ontario and the Toronto Region, respectively.

Under the Hemson scenario, though, immigration to the Toronto Region is expected to rise sharply between the years 2011 and 2041 from 99,000 to 141,000 persons due to rising immigration to Canada and a rising share of the immigrants being attracted to Ontario. To put this latter assumption into context, Ontario's share of Canada's immigration fell from nearly 60% in 2002 to about 40% in 2012 as more immigrants located in western Canada. I suspect future immigration to the Toronto Region may be overstated by both Hemson and TRBT under the base and reference scenarios, given the continued shift in economic activity to western Canada.

2. Will the financial sector experience solid growth and benefit from the Region's brand as a global financial centre as the Board projects?

There is no question that Toronto's financial sector has been an important anchor, contributing, directly and indirectly, to the performance of the Toronto Region's economy.

TRBOT's Economic Strategy report states that economic growth in the Toronto Region between 2001 and 2012 "was mainly driven by the Financial Services cluster" (p. 24). We may not be able to count on the financial services sector to single-handedly propel the economy of the Toronto Region, even underthe Board's base case scenario for two reasons. First, there will be increasing competition from established global centres such as London and NYC. Second, the international expansion of Canadian banks may lead to a corresponding decentalization of jobs.

To sum up, I think that TRBOT is right that the "*Toronto [Region] needs bold action to realize this report's economic vision*".

Its base case scenario appears overly optimistic about future economic growth. There is no guarantee that the Toronto Region will achieve the robust population and employment growth being forecast, as competitive regions proactively move to improve their economic performance.

To even begin to aspire to the outcome of the Board's competitive scenario, regional leaders would need to implement all of the identified proactive policies, in a coordinated way.

This only has a chance of happening if a strong system of regional governance is implemented for the Toronto Region.

Don't hold your breath.

Dr. Frank A Clayton is a Senior Research Fellow at Ryerson University's Centre for Urban Research and Land Development, and a self-employed economic consultant.

NOTES:

1. The Toronto Region refers to the economic region centred on the City of Toronto which Statistics Canada defines as the Toronto Census Metropolitan Area (CMA). This region incorporates the vast bulk of economic activity within the area known as the Greater Toronto Area (GTA), a planning conception, which encompasses the City of Toronto and the Regions of York, Peel, Halton and Durham. Planners now are often adding the City of Hamilton to the GTA (the GTHA). The analysis and comments in this article apply whether the object of discussion is the Toronto CMA, the GTA or the GTHA.
2. Total population and employment in 2011 and its past and future growth for the GTHA are taken from Hemson Consulting Ltd., *Greater Golden Horseshoe Growth Forecasts to 2041*, November 2012 ("Hemson").
3. Toronto Region Board of Trade, *Toronto as a Global City: Scorecard on Prosperity – 2014* ("Toronto Scorecard").
4. Toronto Region Board of Trade, *Toward a Toronto Region Economic Strategy: Economic Vision and Strategy Report for the Toronto Region*, 2014 ("Economic Strategy report").

Crombie: Infrastructure, Public Services and Cooperative Consultation are Essential

With municipal, provincial and federal elections coming up within a year, the phrases "infrastructure", and "public services" will be heard a lot, David Crombie told this Association's March lunch meeting.

"Those concepts are much more important than the words might convey," said the Chair of the Toronto Lands Corporation, whose career includes stints as Toronto Mayor and federal MP/Cabinet member.

For example: Commerce depends on investment. Investment depends on stability. Stability flows from neighbourhoods. Neighbourhoods are based on roots, and roots are based on belonging.

Infrastructure and public services are a crucial part of that 'belonging'.

They are the connective tissue that link us to one another and across generations." Crombie said. "They are the vehicle for equity and advancement, and the platform for economic growth." When done properly, responding people's real needs, they "provide a social peace", he said.

"And they must be updated regularly to reflect the changing world.

In 1950, "you could have stood with your back to Lake Ontario at the CNE's Prince's Gate in Toronto and seen tens of thousands of jobs," he reminded people.

They are all gone now. Today's jobs are very different. So is the society: the role of women, the gay revolution, and the way the circle has been widened to accept new people.

Early on, Toronto introduced Caravan, a festival aimed at welcoming multiple cultures, Crombie said. "Then, magnificently, the city *became* Caravan."

"Now, we are looking at the public services we've offered (during those years), and how we can change them" to respond to people's needs in the early part of the 21st century.

The list includes roads, sidewalks, schools and colleges, libraries, museums, parks, environmental management, water, police, fire, the justice system, malls and urban land planning.
"We need to ask what are schools about, and roads and built form. We need to reinvest, (not follow people who) tell you they are going to freeze your taxes for the next three years … And we need to get far beyond the notion that there is a struggle between 'public' and 'private' concerns," Crombie said.

It's Not About Single Combat Warriors Fighting Each Other

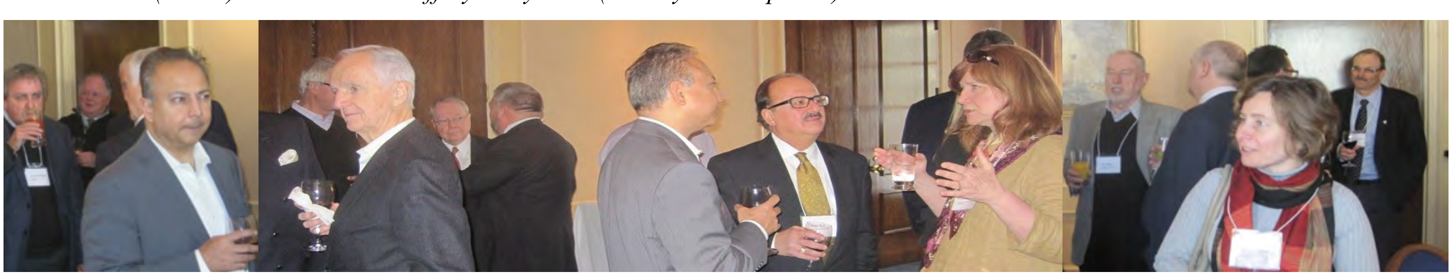
"The issue is cooperation. It is not about single combat warriors fighting each other. The only way (to do this properly) is to try to find the consensus, and do what is required to create solutions that work for everyone. "It's not as exciting, but it is the only way. We have to bring people together, not divide them."

Crombie pointed to *Maps and Dreams* by Hugh Brody. That study described how members of one First Nations group 'map' their environment and their experience of survival essentials like game, shelter, friends and enemies - and how those had changed through seasons, years and new technologies.

Cities also are systems of survival, Crombie said. City dwellers all have their versions of 'survival maps' too. They can differ enormously, but they have an important place at the table. **RM**

PHOTOS: R Moyes

Deep in Discussion: *(left to right) Hon. David Crombie talks with AOLE President Andrea Calla (Tridel) and member Geoffrey Grayhurst (Dorsay Development)*



More lien rights for subcontractors working on public infrastructure?

An Ontario ruling issued December 31 may have expanded the lien options for contractors working on public infrastructure projects where the lands are not owned by the Crown.

Advanced Construction Techniques (ACT) v. OHL Construction, Canada, 2013, ONSC 7505 concerned a subcontract on the extension of Toronto's subway system and the station at York University's Schulich School of Business.

York had signed a Temporary Construction Licence with the TTC to come on its lands and do the work. The TTC had hired OHL as general contractor. OHL in turn had subcontracted work to ACT involving bore holes, compensation grouting and monitoring of the effect of tunnelling on the Schulich building.

ILLUSTRATION: Toby Hudson, Wikimedia Commons

Serious problems developed, spurring claims and counterclaims, including a $4.2 million lien placed by ACT against York University as owner of the land. OHL vacated that lien with a bond, and sought to have it dismissed.

There were four main issues:

1. Should the lien be dismissed based on 'Public Policy'?

OHL's Counsel argued that the ultimate remedy under Ontario's Construction Lien Act (CLA) — namely the sale of the interest of the statutory "owner" in a premises — should not apply to any form of public works such as a subway tunnel or a subway station under government, or government agency, or even private, control or supervision. No court would order the sale of a part of a public subway system which would render the remainder of the continuous subway system unusable, they said.

2. Was there an 'Owner' to lien?

Alternatively, OHL Counsel argued that York University was not an 'Owner' as defined in the CLA, because it did not request the work, and the TTC was not an owner because its temporary construction licence specifically said it would have no interest in the land until the work was completed to the university's satisfaction.

3. Was the project a street railway or railway easement?

If so, OHL argued, no lien could attach to the land. Further, in that case ACT had notified the wrong party (York University instead of the TTC), and lost its rights.

DECISION

In his reasons for decision, Master Donald Short said the public policy arguments were "unfounded, unnecessary, and would be unjust and improper in the circumstances". This was deemed especially true since there was a lien bond already posted in place of the land.

Under the CLA and previous court cases, an 'Owner' includes someone with an interest in the land, at whose direct or implied request and for whose benefit the work was done. Master Short found that York met that definition, given that it had been actively lobbying for the subway extension for a decade, and maintained certain controls over how the work was to be done. As well, this subcontract pertained to the Schulich School and lands.

"Ultimately it seems to me that a much stronger public policy consideration than the one argued by OHL is that the subcontractors to OHL should not be prejudiced as a result of a plan or scheme entered into between the TTC and York University," the decision stated.

The third argument would not apply, it said, since it would be "absurd to determine a railway existed where there was no track in place and no tunnel yet dug". Further, the TTC was given no interest in the land and had taken no steps to register a railway easement or right of way.

Finally, the parties had clearly anticipated liens in the licence agreement, and the contract between the TTC and OHL included holdback obligations pursuant to the CLA, it said.

In McCarthy Tetrault's January Canadian Real Property Law blog, Julie K Parla and Daniel Dawalibi emphasized the importance of the circumstances in this case. "Since the analysis will always be fact specific, owners of these projects should continue to make use of common contractual provisions requiring the general contractor to bond off all liens, which – like in this case – will assist in relegating the debate to one between contractors and their subs, leaving the owner and the project lands out of it."

Decision: www.canlii.org/en/on/onsc/doc/2013/2013onsc7505/2013 onsc7505.html

McCarthy Tetrault blog post: January 2014 www.canadianrealpropertylawblog.com/ RM

LEGISLATIVE UPDATE

...cont from page 9

omy and (4) protecting, conserving, enhancing and wisely using natural resources.

Key early feedback from four workshops held in March includes: Certain indicators will not have equal weight between inner and outer ring municipalities. Land consumption alone is inadequate to measure theme four: it should differentiate between greenfield and high-quality agricultural land, for example. Despite challenges, it is important to aim for greater data consistency across the Region in order to properly compare indicators and measure progress (e.g., intensification, urban growth centre or transit station area density). The Province should provide guidance on how data could be collected by municipalities and shared on a common platform.

To review materials and provide comments (by April 30th) go to www.placestogrow.ca.

INDEPENDENT REVIEW OF *CONSTRUCTION LIEN ACT*

Faced with growing concerns from owners groups and others, the government has put the brakes on Bill 69, the *Prompt Payment Act*, and will look at the issues through a review of Construction Lien Act (CLA).

Bill 69 was introduced by Liberal MPP Steven Del Duca as a private member's bill in March 2013, and was being considered by committee. It would have:

- prohibited non-lien holdbacks,
- required payment of 45-day CLA holdbacks on day 46,
- allowed contractors/subs to submit monthly invoices, which could be based on estimated values, and required payers to make payment within 20 days.

April, 2014

Andy Manahan is Executive Director of the Residential and Civil Construction Alliance of Ontario. He is also a member of AOLE's Board of Directors, and its Legislative Chair.

The Legislative Update

By Andy Manahan, PLE

SPRING ELECTION – NEW GOVERNMENT?

Over the past few months, there have been many predictions about whether there will be a spring election in Ontario or not. Adding fuel to the fire are revelations that computers in the Premier's office were wiped clean of gas plant emails during the transition from former Premier Dalton McGuinty to new Premier Kathleen Wynne. (It was so much easier in the past when outgoing governments would simply shred old paper files).

While the NDP has supported the Liberals in confidence measures, the question remains whether the gas plant scandal will be enough to trigger a non-confidence vote, likely on the upcoming budget. Despite its relative success in recent by-elections, and leader Andrea Horwath's continued high ranking in personal popularity, the third party NDP has potentially the most to lose in a general election.

Writing in mid-January, Globe and Mail business columnist David Parkinson, contrasted the two major economic plans at play right now:

- PC leader Tim Hudak contends that a lower tax regime will attract more business investment and more jobs (a million, to be exact) -- and that the revenue from new growth will more than make up for the loss in tax revenue. Parkinson estimates that approach would reduce the government's tax take by close to $1.5 B annually.

  He also points out that it's "a leap of faith that money left in corporate hands will end up being invested." Recall that in 2012 that former Bank of Canada Governor Mark Carney bemoaned the fact corporations were sitting on "dead money" (about $526 B), and the late Jim Flaherty admonished corporations for not doing enough to stimulate the sluggish economy.
- Premier Wynne, on the other hand, "has laid out an economic plan built upon rebuilding and expanding the province's infrastructure" according to Parkinson. At time of writing, he noted that "Ms. Wynne is leaning heavily toward tax increases (possibly gas taxes or road tolls) to help finance her plan – politically risky, and a potential economic drag." Parkinson further notes that even though long-term borrowing costs are low, any increase in debt servicing costs adds to the budget bill.

BUDGET

As a result of budget documents leaked to the opposition Progressive Conservatives, it became evident in early April that Finance Minister Charles Sousa was planning to table his second budget on May 1st.

Crown corporations Ontario Lottery and Gaming Corp, the Liquor Control Board of Ontario, Hydro One and Ontario Power Generation are viewed as the entities having the most potential to be "recycled", to raise significant revenues. Some of the new money could be placed into a dedicated fund for transportation purposes (see below).

TRANSIT FUNDING

Despite the fact that Premier Wynne's Transit Investment Strategy Advisory Panel (TISAP) submitted a consensus report in December 2013 recommending a number of options to raise new revenue to pay for transportation expansion, she announced in March that there would be no increases to gas taxes or to the HST.

It was a disappointing step down from the Premier's earlier bold statement that it is "not whether we're going to create a revenue stream … it's which of those tools we're going to use" (*The Legislative Beat,* Vol. 43, No.1). Clearly, the realities of working within a minority government where both opposition parties are anti-new-taxes entered into this political calculus.

Matters were not helped by PC MPPs and candidates going to communities such as North Bay and Ottawa and stirring up the electorate. In his March 21 column, Ottawa Citizen reporter David Reevely said that PC spokespeople told residents they were going to have to pay 10 cents a litre more for gasoline to cover the costs of Toronto subways. "It's hard to have an adult conversation with people who won't behave like adults."

In fact, both TISAP and the government have made it clear that projects in the Greater Toronto and Hamilton Area (GTHA) will only receive dedicated gas tax or HST revenues collected from that area, and revenues from the rest of Ontario will only be used for projects in the rest of Ontario.

MOVING ONTARIO FORWARD TRANSPORTATION PLAN

As a way to keep the commitment of a dedicated fund for transit, the Premier did announce on April 14th that an additional $29 B will be invested in transportation over the next 10 years ($15 B within the GTHA and $14 B for the rest of Ontario). The fund will be built up in part through a reallocation of existing provincial revenues: the HST collected on gas and diesel sales, as well as 7.5 cents of the existing gas tax, will be placed into a special account for transportation purposes.

Additional revenue tools are anticipated in the upcoming provincial budget, as well as sale of existing assets and Green Bonds.

This dedicated fund approach will garner public support if the monies are allocated and spent properly. In addition, the ability to leverage these funds to borrow additional funds will help raise needed revenue.

GROWTH PLAN PERFORMANCE INDICATORS

The Ministry of Infrastructure's Growth Secretariat has released a "tell us how we are doing" consultation document with respect to 2006's Growth Plan for the Greater Golden Horseshoe. The twelve proposed indicators are organized around four key themes: (1) building compact and efficient communities, (2) creating vibrant and complete communities, (3) planning and managing growth to support a strong and competitive econ-

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