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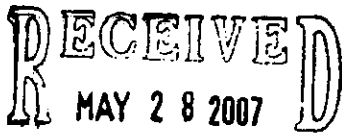


Ministre des Transports,  
de l'Infrastructure et des Collectivités

Minister of Transport,  
Infrastructure and Communities

Ottawa, Canada K1A 0N5

15 MAY 2007



cc. Joe Pennachetta  
(S.Y.I.)  
C. Bruce Bowes

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OFFICE OF THE MAJOR

His Worship David Miller  
Mayor  
City of Toronto  
City Hall  
100 Queen Street West  
Toronto ON M5H 2N2

Mr. Adam Giambrone  
Chair  
Toronto Transit Commission  
City Hall  
100 Queen Street West  
Toronto ON M5H 2N2

Dear Messrs. Miller and Giambrone:

Thank you for your correspondence of April 16, 2007, regarding the Kipling/Islington Redevelopment Initiative.

I can assure you that the federal government recognizes the vital role transportation plays in the well-being of Canada's urban centres and communities, and we are committed to working closely with those jurisdictions to ensure that they have quality transportation systems.

As you are aware, the Government of Canada is taking significant action to reduce gridlock, improve the environment and increase economic growth in the Greater Toronto Area through initiatives, such as FLOW. Commitments as part of the FLOW initiative include the following:

- up to \$697 million to support the extension of the Toronto–York subway;
- up to \$95 million for the Brampton AcceleRide project;
- up to \$83 million for the Mississauga bus rapid transit corridor;
- up to \$85 million for the York VIVA Phase II – Stage I project; and
- up to \$2.5 million to help the Region of Durham further refine its transit service strategy.

This unprecedented investment is conditional on the negotiation of contribution agreements, approval by the Treasury Board, and completion of any applicable federal environmental assessments required under the *Canadian Environmental Assessment Act*.

Canada

Infrastructure and public transit are key priorities for the Government of Canada. Budget 2007 made a historic investment in infrastructure, which brings federal support for infrastructure to a total of \$33 billion over the next seven years. The new funding includes the following elements:

Base funding

Municipalities will receive a full GST rebate (worth \$5.8 billion), in addition to the extension of the Gas Tax Fund (GTF) until 2014 (worth \$11.8 billion). This is over and above the \$2.275 billion in equal funding to be allocated to each province and territory over the next seven years (\$25 million per jurisdiction per year).

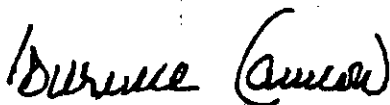
Program funding

The \$8.8-billion Building Canada Fund will support large and small projects in major cities and small communities in areas including wastewater treatment, highways, public transit, and cultural and recreational facilities. The Infrastructure Plan also includes \$2.1 billion for a new national fund for gateways and border crossings, \$1.25 billion for the new national fund for public-private partnerships, and \$1 billion in new and continued funding will be available for an enriched Asia-Pacific Gateway and Corridor Initiative.

This unprecedented level of support for infrastructure in Canada will provide Ontario, as well as other provinces and territories, with the resources required to undertake both small- and large-scale projects to improve public transit services. More information on the Building Canada Fund and other new infrastructure programs will be available in the coming months, as program details are finalized. Transport Canada is not in a position to consider any formal requests for funding assistance until the parameters for the new infrastructure programs have been approved by Cabinet and the Treasury Board. These programs are expected to be approved over the coming months.

I trust that the foregoing has clarified my position with respect to this matter. Again, thank you for writing.

Yours truly,



The Honourable Lawrence Cannon, P.C., M.P.