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Chair

Mr. Larry Miller

Standing Committee on Transport, Infrastructure and Communities

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• (1530)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): I'll call the meeting to order.

We have with us representatives from the City of Vancouver.

Thank you very much for being here in person.

We have two video conferences today. The first witnesses are with us for an hour only. They are from the City of Kitchener. Just so members know, and hopefully agree, they have a YouTube video they would like to show the committee; however, it's in English only, but the clerk has told me he has the transcript of it in French for opposition members.

Is that acceptable to everyone?

They can't join us for the first hour, but some representatives from the City of Montreal will be joining us for the second hour.

With that, we'll start with Mr. Vrbanovic.

Thank you for being with us. I'll turn it over to you for 10 minutes or less, please.

Mr. Berry Vrbanovic (Mayor, City of Kitchener): Thank you, Mr. Chair, for your introduction. Thank you to the committee members, particularly Peter Braid, MP for Kitchener—Waterloo, for extending an invitation to the City of Kitchener to participate in your study of updating infrastructure in Canada.

I'm pleased to be here on behalf of the citizens of Kitchener and more broadly as a Region of Waterloo councillor. I'm proud to represent one of Canada's fastest growing economies and our country's most vibrant technology, financial services, and innovation cluster.

Kitchener is the largest city in Waterloo region. Kitchener is innovative, creative and culturally diverse, offering a wealth of opportunity for residents, businesses, investors, and visitors.

We have an extraordinarily dynamic metropolitan economy rich in industrial heritage where the development of innovations in technology, education, and arts and culture are highly valued.

We know that if we're going to sustain a strong economic presence on the national and international stages we must constantly aim to reinvent ourselves in ways that will continue to attract investors and a high calibre of talent, as well as maintain strong relationships with our current pillar sectors: advanced manufacturing, start-ups, financial services, academia, and the technology sector.

The Federation of Canadian Municipalities has presented information to this committee on a number of occasions. As a proud member of FCM and the Big City Mayors' Caucus, I, on behalf of my council colleagues, strongly support FCM's important advocacy on these issues.

I am pleased to share the time today with our friends from the City of Vancouver and the City of Montreal and I welcome their input into this important discussion. FCM has spoken about broad-based municipal concerns regarding reducing gridlock, and increasing and protecting our social housing stock and infrastructure.

As FCM stated in its May 12 presentation, Canada is at a crossroad. I'll quote from their presentation:

The core infrastructure that Canadians rely upon is at risk. That's what the first edition of the Canadian infrastructure report card told us in 2012. The report card measured the physical condition of municipal roads, drinking water, waste-water and stormwater infrastructure and found that one-third of these assets are at risk, requiring significant investment in the years ahead.

In addition, we know that ongoing investments are required in our social housing sector. The need for affordable housing is growing and existing units must be sustained and maintained. In my own community and across the country, without the reinvestment of federal operating dollars, one-third of Canada's social housing stock is at risk, pushing our already strained rental sector over its limits and putting vulnerable Canadians at risk of homelessness.

Achieving local affordable housing solutions isn't merely a matter of municipalities asking Ottawa for greater financial resources. It's about cities being best positioned to structure and implement the types of programs that address their particular circumstances. The outdated model of a one-size-fits-all prescription needs updating, as it does for infrastructure and public transit.

Finding solutions requires all orders of government working together. Protecting and renewing federal investments in social housing is an important step in keeping housing affordable for all Canadians. That speaks to the national situation that cities are facing.

Also, during my time today, I want to take the opportunity to share information about Kitchener's major transportation and transit priorities, and by doing so outline the important role cities play in job creation, reducing gridlock, and improving the lives of our citizens.

Canada's cities are leading centres of creativity and innovation. They attract the talent and investment required for large-scale and leading-edge start-up initiatives to succeed. As fundamental drivers of the economy, cities are best positioned to provide a path to economic prosperity. Strong cities are the foundation for a strong economy. Livable cities are key for the future of our country and our children.'

Collectively and collaboratively, local, provincial, and federal governments need to work to build a Canada where our cities compete with the very best in the world. If we all work together under a balanced model of shared responsibilities and resources, it's a future within our grasp.

I will now ask the committee staff to open the two-way all-day GO map.

In Kitchener and Waterloo region, one of our primary challenges is our employers' ability to move their people from one location to another on a daily basis. We need all governments working collaboratively to develop 21st century transit for our 21st century economy. Quite frankly, moving people matters.

• (1535)

In Waterloo region, we are witnessing the benefits of a strong partnership among the federal, provincial, and municipal governments through the construction of our regional light rail transit system, the ION. Nineteen kilometres of railway are being built through an equal funding partnership that secured the \$818 million required for the initial phase of our light rapid transit.

Moving beyond our municipal boundaries, Kitchener is working with the municipalities of Waterloo, Guelph, Halton Hills, and Brampton on our joint transportation and transit priority: two-way, all-day GO rail from Toronto-GTA to Kitchener. Investing in two-way, all-day GO rail service will enable economic growth, attract talent, and reduce daily commute times.

Our business case quantifies the significant job creation and environmental and social benefits that two-way, all-day GO rail service would unleash for the regional economy of Waterloo region and Toronto. It would create 40,000 new jobs in the innovation sector—technology, financial services, and advanced manufacturing. It would connect 13,000 companies, attract 3,000 innovation start-ups, save \$344 million in annual commuter and environmental costs, and generate \$547 million annually in additional income tax revenue.

The upgraded service would allow for an increase in the more than 10,000 professionals currently commuting daily from the greater Toronto area into Waterloo region for positions in technology, financial services, life sciences, academia, and other growing sectors.

However, this project requires the financial support of both the provincial and the federal governments. The partners are calling for 50% of the funding for this project through the federal government's new building Canada fund.

I'll pause here and provide you the opportunity to view a short video that succinctly articulates the economic, social, and environmental need for two-way, all-day GO rail service.

[Video Presentation]

• (1540)

This is an infrastructure and public transit request, but more than that, it's a job creation strategy.

I believe this is the type of transportation infrastructure project that should bring all orders of government together. Again, our municipal partners—Kitchener, Waterloo, Guelph, Halton Hills, and Brampton—are all calling for 50% of the funding for this project through the federal government's new building Canada fund.

In conclusion, I'd like to thank the federal government for the recent investments in the federal budget. They have signalled the beginning of a broader partnership with the federal government and Canada's municipalities. It shows what we can achieve when municipalities and the federal government work together to ensure a strong future for Canada. Our goal is to work with the federal government as an equal partner to secure local and national improvements in infrastructure, public transit, and affordable housing.

Collectively and collaboratively, local, provincial, and federal governments need to work to build a Canada where our cities compete with the very best in the world. If we all work together under a balanced model of shared responsibilities and resources, it's a future within our grasp.

Thank you.

I look forward to addressing any questions you may have at this time.

The Chair: Thank you very much.

Next is the City of Vancouver and Ms. Ballem, for 10 minutes or less, please.

[Translation]

Dr. Penny Ballem (City Manager, City of Vancouver): Good afternoon, Mr. Chair and members of the committee. I am happy and honoured to be appearing before your committee.

[English]

I appreciate the opportunity to present today on your study of updating infrastructure in Canada.

I'm here on behalf of Mayor Gregor Robertson and am representing the City of Vancouver as the city manager. I have with me today our acting general manager of engineering, Mr. Jerry Dobrovolny, and Fred Cummings, the vice-president of TransLink. TransLink is the regional transportation authority in the metro Vancouver region, which provides an integrated and regional transportation service to 23 municipalities in the area.

I think you know the importance of the federal government and the shared investments across Canada over the past 20 years in terms of infrastructure. I'm here to provide you some opportunities to understand what is our highest priority for the City of Vancouver for our transportation infrastructure, and how it fits overall in a very coherent, robust regional plan.

The City of Vancouver has had a very strong partnership with the federal government in many areas, including, as you may be aware, the recent completion of a \$50 million project called the Powell Street overpass. This was a rail-port-city project in which we expanded real access to our port, which has the largest capacity in the whole country. We managed to undertake some changes, which allowed another whole rail of railway access. It allowed us also to create an overpass with an important rail corridor that previously had an at-grade separation. So it was a very successful project where we worked with federal officials to actually complete that, along with the railways and our port authority.

The metro Vancouver region is composed of 21 municipalities, Tsawwassen First Nation, and electoral area A. We constitute half the population in that area of British Columbia. We have a population in the metro Vancouver area of 2.5 million. We have a unique situation in which we have a single transit authority for that whole area. In fact, by that virtue, it is the largest transit service area in the whole country.

We have geographic constraints. Those of you who have had the opportunity to come to the Vancouver area know we're surrounded by mountains and there's the border with the U.S. on the other side. Therefore, we've had to have a very coherent planning process to make sure that we're densifying along transit corridors, and that we're managing growth in our urban areas and protecting agricultural land, but making sure we have a highly effective transportation system.

Growth in our region will be significant over the coming years. Our region will grow by more than a million people and 600,000 jobs over the next 25 to 30 years. We have a regional plan to address that, and transit investments are a fundamental part of that.

As you heard from testimony from other presenters to this committee, it's very clear that investments that are sustained and appropriate for transit are a very good return on the investment in terms of economic potential. We've looked at two recent studies that have come out of the United States from the American Public Transportation Association. They actually show a nearly four to one return for investment in public transit, so for every \$1 billion that's invested, you achieve a \$3.7 billion increase in your GDP.

Furthermore, we know that properly planned transit that is integrated with appropriate urban planning allows you to develop business clusters. That's certainly what we've seen in the metro Vancouver region and in our city.

Through very strategic investments, in which the federal government has played a key role... You can see from this slide, if you look at the red line, that is the participation by ridership in rapid transit infrastructure. You can see the little bumps in the line every time we made a major investment in the extension of our SkyTrain system, the last of which—with a very vertical part of that

curve in 2010—was the Canada Line, in which the federal government was a partner. You can see the remarkable increase in rides and use of public transit that happens with that.

● (1545)

The blue curve on that slide represents the growth in overall transit ridership that's happened in our metropolitan region from the late 1980s and early 1990s, when our SkyTrain system came in. That's a reflection of a plan that is integrated across the 21 municipalities, participation of all three levels of government, and really intensive work with our public to ensure they understand the real benefits of public transit. Essentially, transit ridership in metro Vancouver has doubled over the past 20 years.

Competitive cities across the world have recognized that investing in transit accommodates growing populations and is a key to fostering economic growth. In the last year, the mayors in the 23 jurisdictions in metro Vancouver have come together and developed a very coherent, integrated transit plan that looks ahead for the next 10 years. That plan was approved by 21 of the 23 municipalities that partook in the planning exercise.

The transportation plan is designed to cut congestion by providing improved transportation and transit service to people throughout both our city and our neighbouring 22 jurisdictions. The cost of congestion in our region and in other regions of Canada, as you know, is in the billions of dollars.

This plan is comprehensive. It's not just rapid transit. It involves rapid transit, rail service, bus, and SeaBus, as well as sustainable transportation improvements in walking and cycling. This will lead to safer and less congested roads and enhanced goods movement.

We have strong support from our business community for this plan. They know it will protect the economy. They will grow it. It will also be a balanced approach to our environment and help the quality of life in our region to continue to improve.

The total cost of this plan is \$7.5 billion. With an investment of this sort, our analysis shows that it will grow the region's economy by \$450 million per year by the time we get to 2025. It will create 7,000 direct new jobs by 2030 with corollary impacts in job growth. We've studied the impact on households in terms of actual savings, and we're finding with an effective public transit system more and more families are making a choice. They don't need to own a car, much less two cars. We've calculated that a net saving per household will be to the tune of about \$360 per year.

We have just completed a mail-in referendum ballot to look at a new revenue source for helping fund this. From the regional perspective, we are looking for a partnership with the federal government and the province, as well as with our own region, and we've undertaken a plebiscite over the last 10 weeks. The results are not in, but we're awaiting them. The province has made a strong commitment. This is a priority for them. It was the province that requested that we come forward with a 10-year plan from the mayors.

We're here today, first of all, to thank the federal government for the investments in various infrastructure in our city and region over the last 10 to 20 years and to help you understand the importance of keeping going and the critical importance of infrastructure funding programs to help us address our issues.

This plan contains two major rapid transit projects to meet our growing needs. You've heard about one from the City of Surrey, their light rail transit plan to connect their city with the three economic centres adjacent to their city, and also the Broadway SkyTrain extension, which involves the City of Vancouver and is an extension of the existing SkyTrain system, which ends at Broadway and Commercial, and extending that ultimately all the way to UBC, but this is about phase one in the next 10 years, which will take us about halfway there, to Arbutus Street.

I want to talk to you a little about the corridor that this transit extension will address. The Broadway corridor will be a tunnelled extension of SkyTrain. It is the second largest economic centre in the province, the first economic centre being the downtown core of Vancouver.

• (1550)

It is basically a tech economic centre. It encompasses high tech and the largest hospital and academic health centre in the province. It is a centre and an area of our city that has had higher overall employment growth when compared with the whole province. We expect this job growth to double in the next 20 years.

At the far end of the corridor is the University of British Columbia. As you probably know, UBC is ranked one of the top 40 universities in the world. It has a student base of 60,000 and an extensive faculty. It also has a growing community around it.

The first phase of this project will take us to the end of the central Broadway corridor. We hope to see a second phase following in the near future to complete it.

If you look at the dots on this map, those purple circles identify the highest intensity of jobs and population and students along these transit lines. Every one of those lines—the orange, the yellow, the blue, and the light blue—are current transit lines in the Vancouver area. You can see the high intensity of jobs in the area of central Broadway. It is a key link that will not only take care of congestion on that corridor now but also link in the new LRT that Surrey is proposing and the Evergreen Line, which is under construction. You can see that to the right on this slide.

The current transit demand on this Broadway corridor is staggering. There are 100,000 bus boardings per day. A bus runs in the peak hours every two minutes on the corridor. It's the highest

intensity bus corridor across North America, across the U.S. and Canada.

The Evergreen Line opening in the fall of 2016 is a very significant project that has had extensive participation by the federal government, for which we're very, very grateful, but just that addition alone will increase the congestion on Broadway by 25%. This line is something that's been critical for us. We see it as fundamental to this plan that the mayors have brought forward and to the success of the economy in our region and also our city.

SkyTrain technology has been recommended for this corridor because it is high capacity and it builds on the platform of infrastructure that's already present. The business case for it is very powerful, with nearly a 3:1 advantage in terms of cost-benefit ratio using SkyTrain technology. It will attract the most daily riders. We know, based on our experience with the Canada Line, that opening day we'll have 160,000 people travelling on this corridor, which is very dramatic capacity engagement on the first day of a public transit extension like this.

We submitted this extension to P3 Canada in round six. We're developing another extension in round seven. As I said, it will be shared funding for this project, local and regional funding, which we're working on with TransLink. We're already in the pre-design phase, funded through TransLink and city funds, to make sure we're ready.

As you can see, this is a long-awaited project. It is urgent. It is a project that is made for capacity and demand that already exist and that we actually can't meet.

• (1555)

The Chair: Ms. Ballem, I'll have to cut you off there. I let you go over quite a bit, but—

Dr. Penny Ballem: Thank you. I think I've made my case.

I just want to thank you very much for your patience and for your interest in this project.

The Chair: Thank you very much.

We'll start the questioning with Ms. Davies, for seven minutes.

Ms. Libby Davies (Vancouver East, NDP): Thank you very much.

I'm not usually on this committee, but I'm delighted to be here today because we have the officials from the City of Vancouver.

Thank you very much for being here, Dr. Ballem, and other officials from Vancouver and from TransLink.

I absolutely concur with you about the busyness and the importance of the Broadway corridor. I have to say that the Broadway station is the perfect place to do political canvassing, because as you saw in the picture, the lineups are so long in the morning that they go all the way around the block. It's the perfect place to hand out leaflets. I know people would much rather be getting on the buses or the SkyTrain to go to work and so on.

You've outlined the very ambitious plans from the mayor's transportation transit plan—\$7.5 billion over 10 years or so. It's a huge amount of money. Of course, as you say, we've just concluded the voting on the referendum, which I think is a first in Canada. Maybe there was one after the Second World War, but it's really something quite new. I'm very happy to say that I've sent in my ballot voting “yes”.

In terms of getting down to the money, the whole debate about infrastructure and public transit funding has been there as long as I can remember, going back to the 1980s when I was on city council. It was always the issue of not having the sustained, long-term funding that metro Vancouver needed to rely on. Now we're down to a referendum.

I have a couple of questions. Do you have concerns that now, with a precedent of a referendum and having that local base—I think it's \$250 million a year that will have to be generated—this is creating a new order of things? Is this something that you anticipate we're going to have to rely on 10 or 20 years from now, another referendum?

In terms of the federal role, of course this is critical. You say in your brief that you're hoping the federal government will be a partner and will make it a reality, so it doesn't quite sound as if it's absolutely there yet.

How confident are you in terms of the federal program and its continuity? Ideally, what is the situation that we would need to see in metro Vancouver to see that sustained level of funding so that you can make your long-term plans and all of the investments that are required?

• (1600)

Dr. Penny Ballem: Thank you very much, madam deputy, for your questions.

First of all, the referendum was a first in terms of transit. We've had other referenda in British Columbia, as you know. It was a referendum required by the province to identify a new source of funding. There's real clarity at the provincial and the local regional levels that there needs to be investment in transit. That's very clear. As to whether or not a referendum will be another standard requirement, what we've seen is that decisions have been made about expansions of transit infrastructure and transportation infrastructure that are also significant without a referendum. My sense is that our governments are looking at whether or not this works well. There is a cost. It takes a significant amount of time and effort to actually put forward a referendum.

I would say that the jury is out as to whether this will become regularized or whether it's just a one-time experience.

In the statute that governs TransLink there are other options for funding investments in transit. It was really the work of the mayors, and to some extent the province, to look at whether there was one that was more broadly applicable. The understanding is that everybody benefits from transit, and there is no one area that could pay for it all. It needs to be a combination of funding sources from all levels of government. This referendum was really about choosing a source, versus whether the investment should be made. What we know from all the work that's been done on polling is that there is very strong public support for this plan. They understand that there will have to be more paid by them. Whether or not they like this forum, the provincial sales tax as a place for funding transit remains to be seen.

Ms. Libby Davies: How confident are you that the federal government will be a partner that's sustainable in terms of funding? It's been very much on again, off again. It's not something that metro Vancouver has been able to rely on with a great deal of confidence. Are you confident about the funding arrangements now going into the future, or what would you like to see change to have that long-term continuity?

Dr. Penny Ballem: As you know from FCM, we own 60% of the public infrastructure in municipalities across Canada. We collect 8¢ on the dollar of taxes raised. We have huge infrastructure needs, and we plan for them in terms of regulatory requirements often 10 years or longer in advance.

When you're planning for infrastructure and you're trying to align the growth of your cities, you need a sustained approach. You need to have clarity and predictability with regard to sources of funding, and you need to have clear processes for how to access that. The more certainty we have around the investments that are possible from the federal government and the menu of options the federal government has an interest in investing in, the better it is for us.

Clarity, sustained investment over time, certainty and predictability, and processes that are streamlined and relatively clear for us to participate in, and knowledge of when decisions will be made all make our lives really much easier in order to get our public onside, to locally raise the necessary funds to create the matches, and to bring all three levels of government together.

Ms. Libby Davies: Do I have any more time?

The Chair: You're right on the money, and you're out of time.

I'll now move to Mr. McGuinty for seven minutes.

Mr. David McGuinty (Ottawa South, Lib.): Thanks, everyone, for being here. Welcome to Ottawa.

To begin, I want to get one quick question off the table for the benefit of all my colleagues.

We are studying infrastructure. One of the things we heard in testimony was that Infrastructure Canada is incapable of telling us what kind of conditionality is attached to receiving federal dollars, in the sense of, for example, job creation or in the sense of sustainability, whether it's for materials efficiency or energy efficiency. These conditions are not attached.

One of the conditions that is attached—and some of you may know where I'm going with this—is that the cities and the provinces that receive federal infrastructure money are forced to put up billboards advertising economic action plan slogans.

I'm just wondering, very quickly, Ms. Ballem and Mayor Vrbanovic, if it would be possible for you to deliver to this committee at your earliest convenience the number of economic action plan billboards you've been compelled to erect in your municipal jurisdictions, what they cost, and whether we can get a copy of the agreement that governs the relationship among, in the case of B.C., Vancouver, British Columbia, and the federal government, and in the case of Kitchener, the feds, Ontario, and Kitchener, so that we can get a better idea of why this is happening.

We can't get a definitive answer from the government, but access to information requests have revealed that it's just over \$30 million now and that 9,860-odd signs have been erected across the country.

We don't understand why. Some members say they want to defend them at the door; I'm anxious to see that. I'm wondering if we can begin by just getting commitment on the part of both of you, both from Vancouver and from Kitchener, to get an answer to this as soon as possible.

Perhaps we could begin with Ms. Ballem.

• (1605)

Dr. Penny Ballem: Certainly. I don't have those numbers with me today, but I'm happy to look at providing that information.

The agreements that we have are publicly available in the city. They can be requested under FOI. They're there for the public, so that wouldn't be an issue for us.

Mr. David McGuinty: Would that include a sign count?

Dr. Penny Ballem: Yes. I'm sure we can do that.

Mr. David McGuinty: Great.

Mayor Vrbanovic.

Mr. Berry Vrbanovic: Mr. McGuinty, I would say that is certainly information that I can speak with our staff about gathering and making available to you.

I would say on that point in particular that, obviously, municipalities are always interested in maximizing the dollar value they can contribute to the projects at hand, but at the same time, I think there is value for all orders of government in having Canadians understand the investments being made and the rationale behind some of those investments. I think that understanding helps raise awareness about the infrastructure deficit and the importance of governments working together.

When I think back to when I first started as an elected official locally some 20 years ago, infrastructure was not even on the radar of the average resident in our community. Today it's a very different story.

Mr. David McGuinty: Mayor Vrbanovic, let me ask you this, then. For example, in the city of Ottawa, they have 98 signs that have cost the city just over \$50,000. The only thing on the billboard are the words “economic action plan”.

Can you help us understand how that helps your constituents in Kitchener understand the merits of this project?

Mr. Berry Vrbanovic: Again, I'm not getting into specific merits and so on. I'm simply pointing out, Mr. McGuinty, that I think there is some value—I'm not saying how much; that's for you folks to debate—in raising awareness among Canadians about investments in infrastructure projects by all orders of government.

I think the premise should be that as many dollars as possible get to the projects themselves.

Mr. David McGuinty: I agree.

That's why, for example, \$30 million on these billboards would pay for one million bus passes for seniors on pensions. I would think that would really raise the profile of the need for infrastructure and the fact that governments are working together. The \$30 million would pay for the salaries of 500 registered nurses for one year. I think that would help identify the need for us to cooperate on health care. There are a lot of alternative uses for these very scarce taxpayer dollars.

My second question is for you, Ms. Ballem, and it is on deploying private capital.

I know your administration is giving some thought on how to best dislodge a lot of private sector money, whether it's sovereign wealth funds, or whether it's the \$600 billion sloshing around in Canadian corporate bank accounts right now—largely from corporate tax cuts—that has not been deployed. The disappointing fact in corporate Canada is that we're not seeing the deployment of that the way we thought we might.

I wonder if you can help us to understand your view. You are a major Canadian leader in sustainability in Vancouver. You know the infrastructure needs. I had the privilege of writing the original first cities deal, with Mike Harcourt, when I drafted it and produced it for Paul Martin, then the minister of finance. Vancouver has always been at the forefront.

What's your thinking in terms of how we can best use federal mechanisms, fiscal or otherwise, to get a hold of some of this private capital and deploy it properly for infrastructure needs?

• (1610)

Dr. Penny Ballem: Well, I think since I've been in a senior level of public service, obviously the use of public-private partnerships is something Canada has done a lot of work on, and British Columbia was a leader in that way.

I came from the health sector, and as deputy of health was responsible for building the first public-private partnership hospital in British Columbia, the Abbotsford Regional Hospital, a long-awaited facility. Obviously, that is a way of leveraging private capital. At the city level, to undertake a P3 that's the size of a hospital....

We have a lot of infrastructure. My city engineer here is responsible for a significant percentage of what is anywhere from a \$250 million to \$300 million capital spend on an annual basis in the city of Vancouver. We're learning how to leverage private capital in different ways, at a smaller scale, as well as the big projects such as this proposal we've put on the table today, the Broadway line. Certainly a lot of the transit infrastructure that has been built in metro Vancouver has been through P3 arrangements—not all of it. Whether or not that would work for the Broadway extension really depends on the criteria. So I think that's a major way....

We have a lot of different initiatives under way right now. We're leveraging private capital through partnerships that are not as formal as a traditional P3 but cause us to end up in the same place.

We know that pension funds are interested in housing now. They're moving out of some of their more traditional real estate holdings, and they're very interested in market residential housing and seniors housing. Housing is a huge priority, as you know, for Vancouver, and we're looking at those sorts of opportunities.

They're complex, and I think one of the most important things for our senior levels of government to understand is that there are no free goods out there. If you leverage private capital, it still has to be paid for; financing costs have to come with it. It's understanding what a deal looks like, what the impact will be over the long term, and how a local government that doesn't have the same fiscal capacity as a senior level of government is going to manage that long-term relationship.

I think that's a learning point for municipalities across the country. There is a lot of great work being done, and some really remarkable partnerships, some of which are long-standing. We're building our capacity in that area.

The Chair: Thank you.

We'll now move to Mr. Braid, for seven minutes.

Mr. Peter Braid (Kitchener—Waterloo, CPC): Thank you to all of our witnesses for being here this afternoon.

The first question I'd like to pose will be for both Ms. Ballem and Mayor Vrbanovic.

You've both made a very strong link between the importance of investing in infrastructure and the impact those investments have on the economy, the impact on economic growth, on job creation. Could you both elaborate on that notion to begin with? We'll go with ladies first, Ms. Ballem.

Dr. Penny Ballem: Thank you very much.

At the end of the day, if you look at an investment in public transit, first of all, it's a very inexpensive way for people to travel to work. If it's properly done in an integrated way with city planning, it's a very positive place for developers to build density, and it's well suited to that because you have ready access to transportation that's accessible, very affordable, and has very high capacity.

As I said, if I refer to the report we included in this presentation, the American Public Transportation Association has done a lot of work on measuring the development that comes when you actually drive transit through. For those of you who might have come to

Vancouver and ridden on the Canada Line, the Canada Line was an example of where we didn't have the density. We had nodes of density at either end, certainly in our downtown core, which is a very dense urban environment, and out at the airport, but over the last few years we have developed. There's an incredible amount of development going on that's mixed development, in some cases commercial development, the commercial nodes.

As we look at the Broadway corridor, that's already a well-developed corridor, but we know that if there's public transit available, there's already a huge amount of interest to increase the density there, to create more job space, and to enhance those tech jobs that are already there. It's just part of the cycle of economic growth.

• (1615)

Mr. Peter Braid: Great. Thank you very much.

Mayor Vrbanovic, thank you very much for being here this afternoon by video conference. Do you have any thoughts to elaborate on this important linkage between investments in infrastructure and impact on economic growth?

Mr. Berry Vrbanovic: Absolutely, and thank you, again, Mr. Braid, for the opportunity to join you and your colleagues.

I'll look at it, really, from two fronts: some general comments, and then specifically in terms of the two-way all-day GO transit proposal I spoke of.

From a general front, we know that investments in infrastructure are key for both job growth and sustainable economic development. As an example, coming right from the Conference Board of Canada, we know that every dollar invested in infrastructure generates \$1.20 in annual GDP growth. We think that is very positive and demonstrates how the government, how the nation, can benefit from these investments. We saw that, quite frankly, during the economic stimulus program that the late Minister Flaherty brought forward, which helped us see some progress on that front and put Canadians to work.

We also know anecdotally that by improving our road infrastructure and so on we're going to keep people and goods moving, which ultimately adds to quality of life and improves the economy as well.

When I look specifically, for example, at the two-way all-day GO proposal I spoke of in my presentation, there are a number of examples of economic growth attached to that. Part of our proposal is based on looking at the San Francisco to San Jose geography, which essentially has a population of 4.3 million and almost 400,000 tech workers, and comparing it to the Toronto to Waterloo region what we're calling the tech supercorridor, which has a population of 6.2 million but only 205,000 tech workers. By looking at how we grow that area, we believe that we can ultimately connect up to 13,000 companies, attract 3,000 innovation start-ups, and create 40,000 new jobs in the innovation sector, which will ultimately generate another \$547 million in annual personal income taxes for provincial and federal governments. That kind of economic growth and all its spinoffs, obviously, would be significant for both Ontario and the country.

Mr. Peter Braid: Right. Thank you.

Mayor Vrbanovic, in response to a question, you said you'd like to see as many dollars going to infrastructure as possible. What trend have you seen over the last decade with respect to federal government investments in infrastructure?

Mr. Berry Vrbanovic: Certainly I think, as you're aware, the gas tax fund was a program started under the previous government around the 2005 period, and was continued with significant investments from your government over the past decade. In our own municipality, we've seen that amount that we receive annually. We're in a two-tier structure here in the Kitchener and Waterloo region, where certain responsibilities lie with the lower tier municipalities and certain ones with the region. In our case, in the early years of that program, we went from where we were receiving essentially several hundred thousand dollars a year, to now receiving over \$6 million annually, and as you know, that amount is now indexed as a result of the work between the federal government and the FCM to see those kinds of enhancements.

More recently, the commitment to investment that occurred in the budget in terms of a national transit infrastructure strategy has certainly been beneficial to the municipal sector. It's something we were looking for and have asked about. Certainly some questions still need to be resolved: Who's eligible? What's the federal share going to be? How do P3s factor into this?

I would encourage as much dialogue as possible with the FCM to resolve those issues. Ultimately, if this program is only available to the few, the very largest municipalities, it probably won't achieve the ultimate benefit it could if it's a little broader in scope.

• (1620)

The Chair: Thank you, Mr. Braid. Your time has expired.

Mr. Watson, you have seven minutes.

Mr. Jeff Watson (Essex, CPC): Thank you to our witnesses for their contributions here today to our ongoing look at infrastructure in Canada.

Looking at needs and investments, a chart is available in our budget. It looks at federal spending on provincial, territorial, and municipal infrastructure. I'm sure you don't have it in front of you, but as I'm holding it up here, it charts from 1990 out to about 2022-23, showing a significant drop in funding between 1995 and 2005,

and then an onward trend. It even shows the stimulus period where there was an additional injection of federal funding. It shows, I think accurately in the graph, the federal divestiture of ports infrastructure, for example, in the 1990s, the offloading of the national airports system, privatization of rail. There were a number of policies at the time whereby there was significant offloading by the federal government, perhaps to help balance federal budgets in the 1990s. It's not exactly what we could term a "partnership", I think, as both of our witnesses today and the FCM earlier were talking about.

I think you made reference, Mr. Vrbanovic, that federal investments are signalling the beginning of a broader partnership with the federal government. I think, Dr. Ballem, you referred to it as a renewed partnership. I think we can all agree that it's an important and necessary partnership for us to have.

One of the foundational ways we've embarked on this...Mr. Vrbanovic, you referred to the gas tax fund, which is now permanent and indexed and gives some real clarity in baseline funding. Mr. Vrbanovic, Kitchener's allocation is how much in gas tax funding a year, about \$6 million-plus? Is that correct?

Mr. Berry Vrbanovic: That's correct. That's the city's share. We have six other municipalities in the region, two urban centres, four rural, and they would obviously get smaller amounts, and the region itself, because we split it on a 50-50 basis, gets about \$15 million.

Mr. Jeff Watson: That's about what I understood Waterloo region to get.

How is Kitchener, the city proper, allocating its gas tax fund? I'll ask about Waterloo region in a moment.

Mr. Berry Vrbanovic: From a city perspective, it's getting allocated and prioritized into a variety of infrastructure projects.

As a municipality, a number of years ago we took what I think was a responsible view on the pending infrastructure deficit and developed an accelerated infrastructure program. We were certainly making some of our own investments into that and then taking the additional dollars coming from the feds and the province and putting that into roads, sewer pipe enhancements, water pipe enhancements, bridges, and so on, that kind of core infrastructure.

Mr. Jeff Watson: Did you do an asset management plan for the City of Kitchener to evaluate where your strengths and your weaknesses are to quantify potentially what infrastructure renewal would look like for the community and therefore how funds such as the gas tax fund—or maybe the prioritization of seeking out other funding arrangements, such as grants from other levels of government—would fit into asset renewal?

Mr. Berry Vrbanovic: Yes, absolutely. We felt that it was important. In fact, as we know, due to changes in accounting practices, municipalities were required to have a better sense of where they sit with their assets over the last number of years. We certainly have that in place.

We know that as a municipality we're sitting in the range of approaching a billion dollars in terms of assets, and we have a plan over the next number of decades to address that, but we can't do it on our own. We certainly require the partnership with the provincial and federal governments.

• (1625)

Mr. Jeff Watson: Asset management is a key part of understanding what your needs are. In the town of LaSalle in my riding, we just celebrated the ribbon cutting for a new municipal building, which involved gas tax funding in the neighbourhood of about a million dollars. I asked the mayor what the oldest asset is in the town of LaSalle now, with this brand new facility, and he said it is a recreation complex built in 2005. They began years ago with an asset management plan and have consistently sought out opportunities, both from prioritizing their existing tax base and from seeking out leverage opportunities in order to renew their assets. That's critical.

Ms. Ballem, you mentioned that some of the important indicators in the relationship are that the funding be clear, long term, and offer predictability and a streamlined process. I remember that in the early days—I have a little bit of experience now, being at this for 11 years—we had the original building Canada plan, which was a seven-year plan of about \$34 billion when you put all of the elements together.

We then renewed with the new building Canada plan, and it's a 10-year plan with \$75 billion. Now there's a new public transit fund that looks out at five years at this particular point. CUTA was here to explain how the number was arrived at in defining a federal share over five years, ramping up with the timing of projects coming on stream from communities.

Additionally, I would add that probably the criteria I heard Mr. Vrbanovic refer to, at least implicitly, is flexibility in how priorities are determined. The federal government is not telling you what the priority is for Vancouver versus Kitchener, for example. Is that a welcome direction now? Is that the type of partnership...? Of course, it's something that can be built on over time as well.

Dr. Penny Ballem: Yes, I think that as you look at the availability of the funds that have come on stream... The gas tax was mentioned. That was a huge opportunity for us. In fact, in our region, we've actually dedicated all the regional gas tax money to TransLink with the view that we needed to continue to invest in our regional transit system. That was a good source.

With regard to the rest of the funds, certainly we very much welcome the incremental increase in the availability of money for infrastructure. I think Mayor Vrbanovic has signalled that at the

municipal level we deal with regional responsibilities. We are part of a local region. We have our provincial priorities, the federal priorities, and then the P3 lenses that things are often put through in British Columbia. It's standard that if you have a project and you wish the province to participate, you have to put it through a P3 business case.

I would say, having come from being the deputy of health to running a city, that cities don't have the same kind of capacity to deal with all of the complexities of these different arrangements and business cases on a frequent basis. We're developing those platforms. The more they can be simplified and, as I said, have clarity... When we look at the transportation fund, we're very excited about that. We'd like to have more opportunity to understand how that's going to work. That will be a really value-added opportunity for us for these kinds of projects.

Mr. Jeff Watson: Well, we consider the FCM to be a very valuable partner in those discussions.

The Chair: Thank you. You're out of time.

Mr. Vrbanovic, I want to thank you for joining us. I think you gave very valuable input.

Mr. Berry Vrbanovic: Thank you very much, Mr. Miller and members of the committee.

The Chair: We're going to suspend for a couple of minutes, and witnesses from Montreal are going to join us.

• (1625)

_____ (Pause) _____

• (1630)

The Chair: Could we have members back at the table, please.

To our witnesses from Montreal, can you hear me? It's Larry Miller, the chair.

Mr. Lionel Perez (City Councillor, Member of the Executive Committee, City of Montreal): Yes, I can hear you, Mr. Chairman. I'm Lionel Perez.

The Chair: Okay.

Thank you very much, all three of you, for joining us. We're going to resume and start off by allowing you to make your presentation. You have 10 minutes or so.

Mr. Perez, are you leading off?

Mr. Lionel Perez: Yes, I am, Mr. Chair. I will be making my presentation in French, and I will be available for questions both in French and in English.

The Chair: Thank you very much.

Go ahead.

[Translation]

Mr. Lionel Perez: Mr. Chair, members of the committee, the City of Montreal was delighted by your invitation to participate in the study *Updating Infrastructure in Canada: An examination of needs of investments being undertaken by the Standing Committee on Transport, Infrastructure and Communities*.

Mayor Denis Coderre is unable to join us today and asked me, as head of infrastructure of the City of Montreal's executive committee, to participate in the work of the committee on his behalf.

As mayor of the second-largest city in Canada—and former vice-chair of the committee during the first session of the 41st Parliament—Mr. Coderre strongly believes in what you are doing.

The committee's mandate is substantial: to review the federal government's investments in federal, provincial and municipal infrastructure in Canada over the past 20 years; federal spending as a percentage of gross domestic product in Canada and in the G7; the average age of public infrastructure in Canada; and progress on the implementation of the new Building Canada plan. I would like to talk about certain issues that relate more specifically to Montreal's situation.

I would now like to introduce the individuals joining me today: Benoit Champagne, Interim Transportation Director of the Infrastructures, Roads and Transportation Department, and Chantal Morissette, Director of the Water Department.

The City of Montreal is Quebec's largest metropolis and the second-largest city in Canada. It has a population of 1.6 million, representing 87% of the population of the Island of Montreal, 43% of residents in the census metropolitan area, and 21% of the population of Quebec. Since 2011, we have seen an increased densification of the population resulting from, among other factors, immigration and positive natural increase that is being maintained year after year.

The City of Montreal also has a massive infrastructure network with a replacement value of more than \$40 billion: its water supply network includes over 4,370 kilometres of pipes and its sewer system over 4,900 kilometres of pipes. For its part, Montreal's road network includes over 4,000 kilometres of streets, over 6,500 kilometres of sidewalks, and some 600 bridges, tunnels and related structures.

Founded in 1642, the City of Montreal will celebrate its 375th anniversary in 2017. It is therefore one of the oldest cities in North America, and the condition of its infrastructure, particularly its underground infrastructure, testifies to this: its oldest known water main still in service was installed in 1862, five years before Canadian Confederation. As you can easily imagine, this reality requires very exacting maintenance efforts.

With this aging of the infrastructure, investment needs are greater than they were 20 or 30 years ago. Very fortunately, awareness of these needs has also improved greatly since then. After careful study of these requirements, we have been able to precisely ascertain the necessary investments. Today, they total \$2.1 billion annually, which represents a gap of almost \$800 million annually between assessed needs and the investments that have been planned.

A major upgrading is required. This necessarily involves a considerable increase in investments to ensure the sustainability of infrastructure, buildings and equipment, but also to add new ones, as warranted. Thus, the City of Montreal has started to intervene more and has increased investment through concrete measures such as larger cash payments and temporarily increasing our borrowing. Over the next decade, Montreal's capital works program will allow the City of Montreal to make investments of \$2.1 billion in 2024.

This new investment planning approach demonstrates our administration's commitment to delivering the services that Montrealers are entitled to expect. However, this commitment cannot be achieved without the support of other levels of government.

● (1635)

A study by Deloitte and E&B Data commissioned by the Union of Quebec Municipalities—UMQ—in 2012 emphasized that, taking into account tax revenues, municipalities assume more than 76% of the costs related to these infrastructures, while the Government of Quebec assumes 14%, and the federal government about 10%.

However, aging is no longer the only reason to invest in our infrastructure. Legislative choices and policy decisions also have an impact on our spending. For example, we estimate that \$1 billion is required for us to comply with new regulations related to the treatment of waste water. This is while the city is working on the installation of an ozone disinfection system estimated to cost more than \$200 million that should, we believe, meet requirements regarding the quality of the effluent from our treatment plant.

It goes without saying that any additional responsibility delegated to municipalities should be accompanied by corresponding financial assistance. We hope, in the future, that new programs are established to meet these needs.

Finally, one cannot ignore Montreal's considerable needs in the area of public transportation. Our road transportation networks are saturated, and congestion is imposing considerable losses, estimated at nearly \$1.8 billion annually, for the Montreal metropolitan region. Investment in the maintenance and development of public transportation is essential. By 2031, the combination of population and job growth will result in an increase of nearly one million daily trips in the region. The Montreal Metropolitan Community, which has exhaustively studied the issue, estimates that, in this regard, the priority needs for greater Montreal total \$14.5 billion.

Last April, the City of Montreal welcomed the government's intention to add a \$1-billion recurrent fund dedicated to public transportation projects, starting in 2019. However, we are concerned about the planned terms and conditions, including the fact that the projects will have to be made in public-private partnerships through PPP-Canada and will be awarded on merit without us knowing the exact details in advance. The City of Montreal would like to reiterate the importance of having a flexible and inclusive approach in the establishment of assistance programs. It is essential that projects implemented in partnership with the Caisse de dépôt et placement du Québec be eligible for this program. Also, these funds should be awarded based on ridership.

Since 2006, tripartite federal funds have certainly served Montrealers. In total, the City of Montreal received nearly \$512 million in federal subsidies between 2006 and 2014. This includes support received under Building Canada Fund programs and the excise tax on gasoline. The vast majority of this money has been used for water infrastructure. The Montreal Transit Corporation received \$340 million during the same period.

Though appreciated, federal assistance has proved difficult to obtain in some cases. On the one hand, this difficulty is due to the slowness of the process leading to the signing of an agreement between federal and provincial authorities. Without blaming one or the other, we wish to point out that this situation penalizes Quebec municipalities such as Montreal, which, while waiting, cannot proceed with executing the desired work. The City of Montreal, as well as the UMQ, has deplored the situation on many occasions. We are taking advantage of this forum to reiterate our appeal that future agreements be signed quickly.

Furthermore, it is also important to highlight operational difficulties with some previous programs. For example, the Canada Strategic Infrastructure Fund and the Canada-Quebec Building Fund required that a program be developed in advance. However, real-life situations have often made this difficult, requiring modifications to the initial schedule and adding delays and complexity to already complex mechanisms.

However, the gasoline tax fund—which, in Quebec, operates through the gas tax and Quebec contribution program—is permanent and indexed. It provides a predictable long-term investment and has clear and flexible guidelines. We believe this model should guide the operation of other federal aid funds for municipalities.

In conclusion, I would like to reiterate the importance of a partnership between the federal government, the provincial government and the City of Montreal in implementing infrastructure projects. Montreal must be able to play its role as an economic metropolis. This role requires effective and safe infrastructure, and an efficient public transportation system.

• (1640)

It is essential that the federal government continue to support our actions by establishing flexible, predictable and long-term support programs. By investing in Quebec's largest city, all of Canada will emerge a winner.

Thank you for your attention.

[English]

The Chair: Thank you, Mr. Perez.

We'll now go to Mr. Mai, for five minutes.

[Translation]

Mr. Hoang Mai (Brossard—La Prairie, NDP): Thank you, Mr. Chair.

I also want to thank the witnesses for participating in today's meeting, including those from Vancouver and the City of Montreal. I will begin with the City of Montreal.

Mr. Perez, you talked about some challenges—to say the least—in terms of public transportation. You also talked about the fund the government announced and pointed out some issues with it, including the fact that it is a PPP and will be awarded on merit. You are not the only one to have shared those concerns. In this committee's meetings, we have heard a number of municipal representatives complain about the lack of information on the terms and conditions of the allocated funds.

Have you obtained more information? What are your concerns when it comes to the way the funding will be allocated, for example to the City of Montreal, with the terms and conditions not yet being well-defined?

Mr. Lionel Perez: Thank you for the question.

As I pointed out during my presentation, that is indeed a concern. Experience shows that, in some situations, the fact that certain criteria are not established and debated beforehand creates gaps and complexities in the process. As the process moves forward, new things emerge. Therefore, we think that having all that information in advance will benefit not only Montreal, but also all municipalities.

In addition, this situation complicates the situation with the Government of Quebec, which we clearly have to go through. The negotiations are delaying the implementation of a number of potential programs. Additional funding is always welcome, but we believe that more flexibility and more elements known in advance will benefit everyone.

• (1645)

Mr. Hoang Mai: Yes, indeed. You talked about the complex cases you have had to contend with.

Do you have concrete examples of situations where the complex mechanisms caused delays or even derailed some of your projects?

Mr. Lionel Perez: I will get started on the issue, and Ms. Morissette could then provide concrete examples and more details.

I remember an example we had an opportunity to discuss. In one of our projects, we had to create four retention ponds. We were able to conclude an agreement before moving the project forward, but new situations arose and complicated everything.

I will ask Ms. Morissette to add some details.

Ms. Chantal Morissette (Director, Water Service, City of Montreal): Regarding those programs, we are talking about projects funded by the Building Canada Fund-Quebec. I am not sure whether it was the Large Urban Centres component or the Major Projects component. We have to come to an agreement with governments on funding protocols well in advance. There is very little information when the memoranda of understanding are signed, but as projects move forward, the estimates are revised.

With memoranda of agreement, there is sometimes not enough money to complete the project, even though the agreement was signed and estimates were provided, such as in 2005. The projects have not yet been completed, and, as a result, we are in a situation where, to carry out all the project activities, we have to either renegotiate the agreements or look for other sources of funding. That is a specific example of situations we are dealing with.

Mr. Hoang Mai: Okay. You are talking about a flexible approach, and I presume you prioritize the excise tax issue, or rather the mechanism.

Can you tell us about the investment? In your presentation, I believe you said that most of the funding was invested in waste water treatment when it came to the excise tax.

Do you think that it's still a necessity or that, on the contrary, the issue has been resolved and that you could invest in other areas?

Witnesses have also talked to us about culture. The mayor of Gatineau, for instance, mentioned that one of the areas where funding was lacking were libraries.

Mr. Lionel Perez: The City of Montreal definitely wants to prioritize the rehabilitation of important infrastructure, such as underground and road infrastructure, without leaving out public transportation and other municipal facilities. We do have a significant deficit in terms of assets in that area, and there are various reasons for that.

Since its establishment, the Building Canada Fund has been giving us significant amounts of money, so that we can invest and make up the deficit. Nevertheless, to date, our deficit in terms of water infrastructure, for example, is about \$3 billion, and it is \$750 million in terms of road infrastructure. We receive significant funding.

Through Montreal's capital works program, we plan to invest 75% in existing infrastructure and limit our investments in new facilities and infrastructure to 25%, so as to ensure a balance between adequately maintaining our existing infrastructure and making up the deficit.

In 2015, for the first time in modern history, the City of Montreal reduced its budget, which is almost \$5 billion, to show that it is doing the work it needs to do.

Mr. Hoang Mai: Thank you.

[English]

The Chair: Mr. Leung, you have five minutes.

Mr. Chungsen Leung (Willowdale, CPC): Thank you, Chair.

You know, the federal government absolutely understands the importance of transit for its economic benefit, for its economic

engine, for the fact as we move forward it will reduce pollution, and for the health of Canadians. In our budget 2015 we announced a public transit fund that addresses this issue. I think it's music to the ears of most municipalities when we say that when we put money into public transit, we are looking at the objective of sustainable, long-term funding.

However, let me point something out. Take the example of Vancouver, which I have some experience with. In 1986 I was on the team to help build the Expo Line. At that time, the average cost per kilometre was \$25 million. I understand from my colleagues now that to build this new transit line, you're looking in the neighbourhood of about \$300 million. This means over a 30-year period there was a 12-fold increase, or about a 400% increase per decade, 40% per year.

This clearly is something that is not sustainable. As we build more transit systems, our gas revenues, with hopefully reduced car use, will be decreasing, yet our expenses are increasing with public transit systems. I want to hear from the transit operators: in order to maintain that sustainability, what other models or other ways of funding do you have in mind?

I'll give you some example of what I'm thinking about. Are there changes to intensification? Are there changes to a transit property issuing debentures? Are there indications of transit stops with developers to leverage a higher value out of those development properties? I'd like to hear your opinion on how you are going to move forward with the new transit funding model and its respective sustainability.

• (1650)

Dr. Penny Ballem: Thank you very much, member.

First, I'll just address some of the latter things you mentioned, and then I'll turn to my colleague from TransLink to address the cost of construction.

First of all, we use a whole variety of different sources of funding. At this point in time, to fund transit in Vancouver and the region we use a combination of property taxes, and in Vancouver, developers' cost levies and negotiated contributions through development. Obviously, we use revenues. We use grants from other levels of government. Vancouver has a very active debenture program that we use to fund much of our infrastructure. Some of our utilities are funded through pay as you go, but that's not 100% by any stretch.

We have a variety. There's a parking tax that contributes to TransLink's revenues. I'll ask Mr. Cummings to expand on that.

As I said earlier, we believe that a good transit system that's coherent and integrated across our region benefits everybody, whether they ride it or not. It benefits people who move goods, because the roads are less congested. It also benefits the people who must take a car.

You mentioned the gas tax. We've really benefited from the gas tax fund and from its growth over the years that it's been in place. It has levelled off recently, in part due to the fact that just in Vancouver alone, we've reduced the number of cars going to the downtown because we have very effective public transit.

You can't depend on one source. The incentives and disincentives will create weaknesses in one source of funding over many years. So it is an array of sources that we use, and we believe that's appropriate for continuing sustained investment in transportation.

I'll pass it over to Mr. Cummings to give you a few more specifics.

Mr. Fred Cummings (Vice-President, Infrastructure Management and Engineering, TransLink, City of Vancouver): We're the beneficiary of a wide range of funding sources for our operation. We're probably the envy of many other jurisdictions. We do have, obviously, the fare-box recovery that we get a large amount of our funding from, but also we have access to property tax, fuel tax, a hydro levy, and also the property tax that Penny referred to. With any luck, within the next few weeks we'll find out that we'll get another 0.5% increase on the sales tax in the region to help fund our infrastructure.

In addition to that, we've benefited over the years from the infrastructure program that the federal government has contributed to our organization. We've realized upwards of \$2.1 billion directly to our organization over the last 10 to 15 years that has helped us fund that infrastructure and has gone a long way to meet the deficit in the infrastructure funding.

If I could, I'll just address your first question around the increase in costs over time. There's no doubt construction costs have increased over time. We've seen that accelerated cost of civil structural work.

I can cite some current examples now from the Evergreen Line, where the per-kilometre cost is about \$75 million to \$80 million, and that includes stations. Including the tunnel work, it's upwards of about \$110 million per kilometre. Comparing the \$25 million to Evergreen Line is probably a more valid comparison over the years. Over a 30-year timeline, costs have escalated, absolutely, but probably not to the extent of the \$300 million. The \$300 million per kilometre that you referenced is probably the Vancouver Broadway extension, which is all in subway. The subway costs are very expensive. We all know tunnelling costs are expensive. It doesn't really matter if it's SkyTrain technology or LRT technology; if you get underground, it's expensive.

• (1655)

Mr. Chungsen Leung: I should—

The Chair: Mr. Leung, I'm sorry. You're out of time.

Mr. Jerry Dobrovolny (Acting General Manager of Engineering, City of Vancouver): I'd just add that the Broadway costs also include rolling stock for the entire network, additional SkyTrain cars for the entire SkyTrain system.

There are a couple of other things the city's doing. We've strategically purchased property along the line for all of the station locations that will be needed. The corridor is in the street right-of-way. Then where the Broadway line starts up, we've negotiated with the developer to provide land for staging and all the construction

needs at the start of the project. We've been proactively securing the land and right-of-way so those don't become additional project costs. That will be our contribution to the project.

The Chair: Thank you very much.

Mr. Kellway, for five minutes.

Mr. Matthew Kellway (Beaches—East York, NDP): Witnesses, thank you for coming today.

I was struck by the statements of my colleague, Ms. Davies, about the lineups for buses. As a member of Parliament from Toronto, I know we have similar situations in our subway system. Where I live, one can stand on the platform and wait for a couple of trains to go by before space opens up, and then just enough to squeeze in quite uncomfortably.

With the need for transit being so immediate in Vancouver and other cities across the country, I'm wondering about your thoughts on the government's dedicated transit fund, where we will see no money this year, no money next year, \$250 million in the third year, \$500 million, and then we get to \$1 billion around the time we're back into an election, assuming a majority government and usual cycle.

I was already struck by that and also in the context of the expense of these lines, like Evergreen and Broadway. Assuming, let's say, three years out we finally get some money out of the dedicated transit fund, \$250 million on a national basis—I guess one doesn't know whether Vancouver would be the recipient of any of that funding, it still being a bit unclear about how that would be divvied up, but assume for the moment that you've got your share, whatever that may be—do you know how much of that would be for your system and what you could get, if I can put it in those terms, for that amount of money?

Dr. Penny Ballem: Thank you very much, member.

Well, the total cost of our project in current dollars is approximately \$2 billion. As Mr. Dobrovolsky indicated, that's all in. That includes rolling stock, construction, and all the associated infrastructure that goes with the expansion of the system. Usually our experience has been that it's a third, a third, and a third share among the federal government, the province, and the local region. I think the transportation fund is certainly a very welcome addition. There's still considerable uncertainty about how it's going to work, and what is indicated by officials in Transport Canada is that it is a financing fund, that it's not an actual fund. I think one of the most important things for municipalities is that the difference between financing and equity is really important. We have access to financing at very good rates through the city, so understanding what that actually means, what the impact will be on the city, and how to plan for that is critically important for us to know.

As the representative from Montreal indicated, there are many, many different pieces that we have to get into line to actually take a project and implement it and move it forward. Our plan is a 10-year plan, so we need certainty as quickly as possible about the amount of the funding, what the format for it is and what that will mean to the city, and how the contribution of the federal government will flow and what the profile is of that cash flow, in order for us to then understand what the province is going to do, whether it's a P3. That completely changes your procurement processes. It is enormously complex. I think all municipalities would agree that the more certainty and clarity, the simpler and more streamlined it is, the better the ability for us to map it out and realize how this is going to work, and then put it into our critical timelines.

You've seen the lineups on Broadway. They are there now. They have been there for some years. It's very critical, and some of the additions that are coming on stream will make that worse, if we don't get on with this project.

To put it as simply as possible, it's about clarity, certainty, simple processes, and really understanding what is the nature of this really important opportunity that the transportation fund appears to be presenting to us, so that we can then build that into our plans.

● (1700)

Mr. Matthew Kellway: I looked at what \$250 million might look like for Toronto and our TTC. I think I calculated, assuming that in the great lottery that will ensue under this program, that we would maybe get, if we got a fair share, \$20 million three years from now to fund public transit in the city of Toronto. I appreciate your point, if I understand it correctly, that you simply don't know how all of this is going to work and can't put a dollar amount on it.

It's a shame Mayor Vrbancic had to leave us. I thought he made a very important contribution to the discussion today, putting this kind of funding in a global context and allowing us to understand that what's at stake here is the future of very significant economic growth and development on a global scale and global implications such as the innovation corridor. In that kind of context, I look at the back-end funding proposed by the dedicated—

The Chair: Sorry, you're over time. Could you wind up, please.

Mr. Matthew Kellway: Yes.

Thank you very much, Mr. Chair. I appreciate that.

Do you have any thoughts about Mr. Vrbancic's contribution today and the global context in which he puts cities and the importance of infrastructure investment for the competitiveness of Canadian cities?

Dr. Penny Ballem: Thank you, member.

I think the FCM has done a good job providing that kind of information to the committee and to the federal government. Essentially municipalities own 60% of the infrastructure, and we have many business lines as you've heard today. We treat water, solid waste. We have all the transmissions systems involved in those kinds of things. In Vancouver we're separating all our sewers. That's a multi-year project where, without federal funding in the past, we were unable to keep up with the need to do that to meet statutory requirements.

We have a broad-based line of business and we very much need senior government investment and the ability to organize that so we can keep up with our infrastructure. You could go around the world and look at the transit infrastructure, and if you look at the transit infrastructure that is being proposed in many municipalities across Canada, the economic benefit of those investments is very clear. If you go to Asia, which is a major trading interest for Canada and certainly for British Columbia, they are, as you know, investing billions and billions of dollars at the national level in building transit infrastructure, because they know it's absolutely fundamental to their economy and to the success of their cities. The vast majority of the public will live in cities. It's important.

We look forward to understanding the specifics of the transportation fund and it certainly is an opportunity that Vancouver and our region and TransLink will be working to take full benefit from.

● (1705)

The Chair: Thank you very much.

Mr. Komarnicki, you have five minutes.

Mr. Ed Komarnicki (Souris—Moose Mountain, CPC): I was struck when you said that the transit system is fundamental to your economy. I looked at one of your charts on trying to get motor vehicles off the road. It costs money to maintain roads. If you can get them off the roads that's a positive.

You were saying there's a growing demand to move people, workers and students, around. Like the program, you want it coherent, on time, and with a degree of certainty. We do have the technology that can tell us when the stops will be and how we can get there. We can almost instantly know where we are.

Fundamentally, the fact that you would have a fund dedicated to transit I expect you would say is a good thing, because it targets the very issue that you raise as a concern. The other aspect would be ensuring that you have that reliable, consistent, clear funding that you can bank on, leverage, and so on. If I heard you correctly, one of the lines was going to cost \$2 billion, rolling stock, everything in; the third share, roughly \$700 million, a little less.

Dr. Penny Ballem: That's correct.

Mr. Ed Komarnicki: If you were able to amortize that over 10 years, it starts to become doable, and you're looking at \$70 million or \$80 million.

Would you agree with me that when you have a gas tax fund which with the GST rebate is roughly \$33 billion over 10 years that is given to cities, essentially based on population, so the larger cities get more, it's really the way these infrastructure projects should be funded? It's a fund that's quite certain, a fairly large size—\$33 billion, or maybe \$53 billion—that goes to you directly to do as you wish. If you have the gas tax fund and some targeted funds, would you agree that's the model we should have, and that indeed it gives you the ability to do some creative work with that?

Dr. Penny Ballem: I think the structure of the gas tax fund is very elegant. For municipalities it has provided a level of certainty that allows us to plan in advance. The gas tax coming into the Vancouver region—not the city of Vancouver, because as I said the 23 municipalities in the region funnel the gas tax through to TransLink—amounts to about \$122 million to \$125 million per year, which is a very important investment.

For the city of Vancouver alone, which constitutes only 25% of our region, to replace our infrastructure it would cost us \$20 billion at this point in time. We spend anywhere from \$250 million to \$300 million a year to rehabilitate our infrastructure. Somebody mentioned that about two-thirds of that is renewal and rehabilitation, and about one-third is new to accommodate growth.

It's just really about the demand. Having the gas tax allows us to plan for that, and in the case of transit, to know it's coming and to work it into our plan.

Targeted funds actually help, and if they're clear and we know what they're targeted for and they're sustained and we know what share could come to us, that actually helps, too.

It's just the different layers of complexity, as we've talked about. For us, in terms of simplifying things, the more they're sustained over time and any specific region has an idea of what they might be eligible for, and then the rules about P3s or not, or how those decisions get made, every layer of those kinds of decisions makes it more complicated. If it's combined with that at the provincial level, it's just very difficult to try to drive a project through. The more the provinces and the federal government are coherent around that and the simpler it is for us to have predictability, I think it has a great result.

● (1710)

Mr. Ed Komarnicki: I appreciate the fact that if you have merit-based applications, and we're looking at municipalities and cities, when you look at their core infrastructure they all have needs.

Dr. Penny Ballem: That's correct.

Mr. Ed Komarnicki: Perhaps you might give me your thoughts on that. If you have merit-based only, you might have to go with something that's not necessarily your priority, whereas if you have funding that's just dedicated by population, say, you have that.

Do you wish to comment on that?

Dr. Penny Ballem: Yes, I think merit-based is a very important issue and I think how you define merit actually does help. If it's clear from the start what we mean by merit-based and what are the elements that we're going to be assessed on, then at least it's a level playing field and it allows everybody to measure the benefit of a project fairly and equitably across the range.

Mr. Ed Komarnicki: I have one final question.

On P3s, which obviously are fairly complex arrangements, do you have a dedicated department or group of people within your organization to specifically deal with that?

Dr. Penny Ballem: We have established a platform that cuts across the operational areas and is established in finance to basically undertake the work that's required for P3s. Obviously they differ. The complexity of a P3 differs according to what business you're talking about and what kind of infrastructure, but we're establishing a very strong platform to actually undertake that and to be able to respond.

The only other thing I would add is that ideally we have asset plans that look out many years. The municipal practice around asset management has really improved over the last 15 or 20 years. If we're going to do proper asset maintenance, the certainty of how we're going to fund the replacement in time to make the best of it to in turn benefit our economy is really very critical, and critical to all levels of government and the success of our country.

The Chair: Mr. Yurdiga, you have the last five minutes.

Mr. David Yurdiga (Fort McMurray—Athabasca, CPC): We talked a lot about the transit systems, and I never heard anyone really talk about rural communities outside of major centres. I know one city that actually has a park-and-ride set-up and people outside the community have the ability to drive in, park their vehicle, pay a fee, and utilize the public transit system. It's been very successful whether it's to go to a football game, hockey game or various art programs. There is a need in major centres. If I were going to a major centre and I wasn't familiar with the city, I would use that service, because it would make economic sense for me.

Ms. Ballem, does your city provide that sort of service for people who live outside the city?

Dr. Penny Ballem: We have a regional authority for transportation planning and implementation and service delivery, so I'll just ask Mr. Dobrovolny to touch on some of the points you raised.

Mr. Jerry Dobrovolny: The mayor's council plan is comprehensive in terms of different types of infrastructure and assets for different parts of the region. By that I mean there's a 25% increase in the bus fleet overall. That includes small community shuttles to new and emerging neighbourhoods that are the furthest out in the region. It includes direct buses such as you're referring to like the park and ride and direct buses that connect at transit hubs and then go in. It's scalable in the more suburban rural areas. It's a different type of transit. There are community shuttles, 40-foot buses, and then some direct buses. As you move more into the urban core, there is the rapid transit. There's also four times the increase in funding for roads and for walking and cycling improvements.

In terms of the overall region, between the bus improvements and the rapid transit improvements, over 80% of the population of the region would be within an easy walk of transit, but transit is different in different parts of the region.

I hope that answers your question.

• (1715)

Dr. Penny Ballem: We do have quite a number of park-and-ride sites that are accessible. Our region is interesting because it has very dense urban areas, as you know Vancouver does, and it has a lot of agricultural land and communities that are spread out and separated by large tracts of farmland and green space.

Mr. David Yurdiga: Have the park and rides in your municipality increased your ridership? Are they well utilized? I know the ones I'm familiar with are always busy. They could actually expand them and have more parking available and they would be utilized in even greater numbers.

Mr. Fred Cummings: I can probably answer that.

Over time the use has increased. We have a large inventory of park and rides in our region that we look after that serve the conventional bus system, the rapid transit system, and our commuter rail system. Over time, a need to expand those has been identified and we're going to continue to do that. They're very price sensitive too, which is an interesting thing about park and ride. You start increasing the price of using those park and rides, and obviously use starts to drop off. There's a very important economics piece that plays into making sure you get the pricing of those facilities right. They won't necessarily pay for the cost of the infrastructure, but you will drive up the use and the integration. We have had increased use of our park and rides over time.

Dr. Penny Ballem: I think we have a huge benefit in our region in that our transportation plan, as Mr. Dobrovolny and Mr. Cummings said, is holistic. It is the whole region and many municipalities and all different formats in terms of a transportation system, public transit, and public transportation.

Mr. David Yurdiga: That's all I have for now.

Thank you.

The Chair: Does anybody want to use the rest of his time?

Go ahead, Mr. Mai, for one short question.

[Translation]

Mr. Hoang Mai: Mr. Perez, you wanted to say something when we were discussing public transportation. I saw you raise your hand and I'm sorry you were not given an opportunity to speak. Maybe you could close with that.

[English]

Mr. Lionel Perez: Thank you, Mr. Mai. I'll take the opportunity to touch on a couple of points.

Just to reiterate, yes, our preference is to have a certain, sustainable, predictable, simple formula for funding.

With respect to the public transport fund, one aspect that was raised was about what kinds of business models, financing models, there are.

One of the things we're looking at is using a fund from pension funds. We currently have a bill at the provincial level, Bill 38, whereby the Quebec government is going to allow the Caisse de dépôt to invest in such projects within the province. Currently it can do so outside of the province, but it can't do it inside our province, so that's something that I think...and we have to ensure that whatever federal funding and subsidies are allowed will allow this model.

On the other element regarding the economic impact, I think it's important to note that for every dollar the federal government invests in infrastructure it gets 20¢ back. It obviously helps the GDP. Also, every single study will tell you, whether it be from the Conference Board of Canada or what have you, that the best way to increase productivity competitiveness is to improve our infrastructure, especially our roads.

I also want to reiterate a lot of the things said by my colleagues from Vancouver.

The other thing, and I'll close with this, is that we really have to continue to see that the funding we've had over the last decade is sustained, that it continues. There's an urgency to react. There is a convergence of interests among all levels of government, whether it be economic, obviously, or infrastructure. This way, obviously, Canadians will all benefit at the end of the day.

The Chair: Thank you very much.

The lights are flashing. We have votes.

I'd like to thank those of you from Montreal for joining us by video conference.

For those from Vancouver, thank you very much for joining us here live.

The meeting is adjourned.

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