



HOUSE OF COMMONS  
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CANADA

## **STUDY ON TRANSIT IN CANADA**

### **Report of the Standing Committee on Transport, Infrastructure and Communities**

**Merv Tweed, M.P.  
Chair**

**FEBRUARY 2012**

**41st PARLIAMENT, 1st SESSION**

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# **THE STANDING COMMITTEE ON TRANSPORT, INFRASTRUCTURE AND COMMUNITIES**

has the honour to present its

## **FIRST REPORT**

Pursuant to its mandate under Standing Order 108(2), the Committee has studied National Public Transit Strategy and has agreed to report the following:





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# STUDY ON TRANSIT IN CANADA

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## Introduction

Transit ridership has been steadily increasing in Canada,<sup>1</sup> averaging 4% annual growth during the last five years.<sup>2</sup> Continued growth is anticipated in the demand for transit services from users, but ridership may be constrained by lack of growth in the services offered. Various transit stakeholders, including transportation planners, transit operators, municipal representatives and others, submit that provinces and municipalities do not have sufficient resources to operate and keep Canada's existing transit systems in a state of good repair — let alone to plan and provide new services.

A number of studies and reports concerning transit in Canada have been prepared in the last decade. In 2001, a report commissioned by Transport Canada put forth a national vision for urban transit in Canada supported by 15 policy goals.<sup>3</sup> In 2005, the Urban Transportation Task Force, comprising representatives from provincial and territorial jurisdictions and the Government of Canada, reported on urban transportation needs and opportunities in Canada and issued five recommendations in the areas of funding, improving travel times, intergovernmental collaboration and awareness of the importance of transportation. The Federation of Canadian Municipalities' Big City Mayors' Caucus developed a proposal for a National Transit Strategy in 2007 that included legislation, investment, integrated land-use and transportation planning, demand incentives, innovative research, and accountability.<sup>4</sup> In 2011, the Canadian Urban Transit Association made public a report containing 14 recommendations for a national transit policy framework in Canada, which covered funding, federal policy development, private sector involvement and tax incentives, among other things.<sup>5</sup> This report also surveyed national government transit policies among the Group of 8 (G8) countries as well as New Zealand, Australia and the Republic of Korea and found that all of these countries have more elements of national funding and policy support for transit than Canada has. Most recently, the Mowat Centre of the School of Public Policy and Governance at the University of Toronto issued a report

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- 1 Transit is used for many kinds of trips, but only 12% of Canadians used transit for their commute to work in 2010. Eighty-two percent used cars and 6% walked or rode a bicycle to work last year. Statistics Canada, *Commuting to Work: Results of the 2010 General Social Survey*, Catalogue no. 11-008, p.33.
  - 2 House of Commons, Standing Committee on Transport, Infrastructure and Communities [SCOTIC], [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 3 October 2011, 1720 (Mr. Patrick Leclerc, Director of Public Affairs, Canadian Urban Transit Association [CUTA]).
  - 3 IBI Group, [National Vision for Urban Transit to 2020: Final Report](#), October 2001.
  - 4 Federation of Canadian Municipalities' Big City Mayors' Caucus, [National Transit Strategy](#), 2007.
  - 5 Stantec Consulting Inc., *National Strategies on Public Transit Policy Framework: Final Report*, Vancouver, May 2011.

with six new policy proposals, which largely concern funding allocation and administration for a national transit framework.<sup>6</sup>

The apparent transit infrastructure gap in Canada gave rise to a private member's bill in support of a National Transit Strategy for Canada in the first session of the 41<sup>st</sup> Parliament.<sup>7</sup> According to the bill's sponsor, the bill asked "the federal government to take a leadership role to bring different levels of government and transit authorities together ... and say what a long-term plan would be."<sup>8</sup> All members of the House of Commons Standing Committee on Transport, Infrastructure and Communities (hereafter "the Committee"), including the bill's sponsor, agreed to study the question of a National Transit Strategy in September 2011. The Committee convened 12 meetings and received oral and written comments from 20 stakeholders on the subject of a potential National Transit Strategy. This report summarizes what the Committee learned during the course of its public meetings in Ottawa and from stakeholder submissions concerning:

- The benefits from transit in Canada;
- The diversity of transit needs in Canadian communities;
- The existing arrangements for transit funding in Canada; and
- Issues and options decision-makers might consider regarding a potential National Transit Strategy for Canada.

The report also contains the Committee's recommendations to the Government of Canada concerning transit in Canada.

## **Transit Benefits in Canada**

Transit provides an essential service for certain groups in Canadian society that depend on it for mobility, including people who are too young to drive, those individuals that have physical limitations that prevent them from driving, and lower-income residents. Many people who have access to an automobile also value transit services as they are a less expensive and less polluting alternative to driving. Businesses benefit from transit services

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6 Mowat Centre, *Putting Canada on Track: A Blueprint for a National Transit Framework*, University of Toronto, October 2011.

7 [Bill C-305, an Act to establish a National Public Transit Strategy](#), 1<sup>st</sup> session, 41<sup>st</sup> Parliament.

8 House of Commons, Standing Committee on Transport, Infrastructure and Communities [SCOTIC], [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 17 October 2011, 1545 (Ms. Olivia Chow, Member of Parliament for Trinity—Spadina, NDP).

because they take some drivers off the roads, allowing for more rapid movements of goods and services.

In addition to the benefits of transit services to communities, the manufacture of transit vehicles and operation of transit systems are also significant industries in Canada. Some 60% of buses operating in North America are produced by companies such as New Flyer, Nova Bus and Orion in Canada.<sup>9</sup> Canada's commuter rail manufacturing industry is also extremely successful and Bombardier supplies a large proportion of the rail vehicles in Toronto and Montreal as well as in many cities across the United States.<sup>10</sup> The transit systems in Canada directly employ 50,000 workers and support another 25,000 jobs elsewhere in the economy.<sup>11</sup> There are economic impacts associated with transit projects as well. For example, the construction phase of Toronto's Big Move regional transportation plan is expected to generate 279,000 person-years of employment through 2020 and \$1.19 in GDP per dollar of capital investment.<sup>12</sup>

**Given the many benefits of transit services, the Committee recommends:**

**As part of the new infrastructure plan that will replace the Building Canada Plan after its expiry in 2014, that the Government of Canada should continue to recognize the importance of transit to the economic health, quality of life and technological advancement of Canadian communities and the people who live in those communities.**

## **Diverse Transit Needs in Canada**

There is great diversity in transit needs across Canada, and service offerings range from mass transit in larger cities to those that simply aim to provide regular access to essential services in smaller communities. Canada's largest cities of Toronto and Montreal could not function without transit services; commuter rail, subway and bus services transport more than one million people to and from the cities' downtown cores every day. In spite of the heavy reliance on transit in Toronto and Montreal, traffic congestion is a considerable problem and a costly burden for workers and businesses. Today, the average round-trip commute in Toronto is 81 minutes, surpassing commute times in Los Angeles, New York City and Chicago.<sup>13</sup> The average Toronto commuter is expected to spend more

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9 SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 3 October 2011, 1720 (Mr. Patrick Leclerc, Director of Public Affairs, Canadian Urban Transit Association [CUTA]).

10 SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 5 October 2011, 1535 (Mr. David Jeanes, President, Transport Action Canada [TAC]).

11 SCOTIC (3 October 2011, 1630) (CUTA).

12 Conference Board of Canada, *Connecting Jobs and People: Exploring the Wider Benefits of Urban Transportation Investments*, Ottawa, 2011 as reported in Mowat Centre, p. 7.

13 SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 2 November 2011, 1635 (Mr. Bruce McCuaig, President and Chief Executive Officer, Metrolinx).

than one year of their life commuting during a 40-year career.<sup>14</sup> The average round-trip commute times in Montreal and Vancouver are slightly shorter than the Toronto average, at 76 and 74 minutes, respectively, but still higher than the national average of 65 minutes in 2010.<sup>15</sup> The cost of traffic congestion to the business community is lost productivity. The annual productivity losses associated with traffic congestion have been estimated at \$6 billion in the Toronto area and \$1.4 billion in the Montreal area.<sup>16</sup> The national cost of lost productivity because of traffic congestion in Canada is certainly higher when other large cities, such as Vancouver, Edmonton, Calgary, Winnipeg and Ottawa, are included. The populations of Canada's large cities are growing and traffic congestion is expected to get worse over time.<sup>17</sup> Urban population growth is expected to be particularly high in large cities amongst groups who depend on transit the most, such as the elderly and newcomers to Canada.<sup>18</sup> The provision of more and better transit services in Canada's largest cities would accommodate the transportation needs of the growing population and be a more practical way to mitigate traffic congestion than building more roads.<sup>19</sup>

Representatives of the Saskatchewan Association of Rural Municipalities (SARM) and the Alberta Association of Municipal Districts and Counties (AAMDC) presented first-hand accounts to the Committee of the unique transit needs in rural Canada. As in urban centres, people without access to private vehicles in rural areas depend on transit to access services, buy supplies and visit friends and family; unlike their urban counterparts, rural residents must often travel great distances to do so. Rural residents who are not able to drive often rely on intermunicipal bus services to meet their transportation needs. In Alberta, rural residents depend on private sector intermunicipal bus services<sup>20</sup> while a provincial crown corporation offers transportation among approximately 260 communities in Saskatchewan.<sup>21</sup> The AAMDC brought to the attention of the Committee that the private bus company had recently withdrawn from a number of routes in Alberta and "the lack of public transportation represents a serious problem for seniors, the disabled, and low-income rural citizens."<sup>22</sup> There is an increasing need for intermunicipal transit services in

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- 14 SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 2 November 2011, 1635 (Mr. Bruce McCuaig, President and Chief Executive Officer, Metrolinx); and SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 5 October 2011, 1630 (Mr. Paul Bedford, Adjunct Professor, City Planning, University of Toronto and Ryerson University, and Former Chief Planner, City of Toronto).
- 15 The average round-trip commute times include side trips to purchase goods and services, travel for child-care activities and travel to restaurants. Statistics Canada, p.33.
- 16 SCOTIC (3 October 2011, 1640) (CUTA).
- 17 SCOTIC (5 October 2011, 1700) (Bedford).
- 18 SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 17 October 2011, 1630 (Mr. Paul Moist, National President, Canadian Union of Public Employees [CUPE]).
- 19 SCOTIC (5 October 2011, 1630) (Bedford).
- 20 SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 24 October 2011, 1535 (Ms. Carolyn Kolebaba, Vice-President, Alberta Association of Municipal Districts and Counties [AAMDC]).
- 21 SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 24 October 2011, 1545 (Mr. David Marit, President, Saskatchewan Association of Rural Municipalities [SARM]).
- 22 SCOTIC (24 October 2011, 1535) (AAMDC).

rural areas as the population is aging and services have been consolidated in regional centres.<sup>23</sup>

Communities that are neither large nor rural have different transit solutions for the segments of society that cannot or choose not to drive. Small cities may be able to meet the transit needs of residents with the purchase of a few buses that run in the morning and afternoon.<sup>24</sup> Even smaller communities might accommodate their residents' transit needs by making use of school bus services, taxi services, and volunteer drivers, for example.<sup>25</sup>

## Transit Funding in Canada — Current Practices

According to the constitutional division of powers, transit is a provincial responsibility in Canada. Transit services are most commonly delivered by a municipal transit agency although there are jurisdictions where transit services are provided by a regional or provincial agent.<sup>26</sup>

No transit system in Canada, or virtually anywhere in the world, can exist without substantial government subsidies.<sup>27</sup> Despite the fact that Canada has one of the highest average revenue to cost ratio in the G8 (at around 60%), municipal and provincial governments must make up shortfalls in operating and maintenance costs and all levels of government are needed to make capital investments possible.<sup>28</sup> Some provinces, such as British Columbia, Manitoba, Ontario, Nova Scotia and Quebec, provide operating as well as capital funding for transit services; in other provinces and territories, municipalities must cover net operating and maintenance costs.<sup>29</sup> The willingness of all orders of government to subsidize transit reflects the generally held view that the combined transportation, economic, environmental and social benefits from the service are important and justify the subsidy.<sup>30</sup>

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23 SCOTIC (24 October 2011, 1530) (SARM).

24 SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 28 September 2011, 1635 (Mr. Taki Sarantakis, Assistant Deputy Minister, Policy and Communications Branch, Infrastructure Canada [IC]).

25 SCOTIC (5 October 2011, 1550) (TAC).

26 An example of a regional transportation authority is TransLink in Metro Vancouver. An example of a provincial transportation provider is Saskatchewan Transportation Company, which is a provincial crown corporation.

27 The Hong Kong Metro is one known exception. SCOTIC (3 October 2011, 1700) (CUTA).

28 Ibid. (1720).

29 Stantec Consulting Inc., p.11.

30 The Canadian Taxpayers Federation disagrees and suggests that transit should break even or make money. Furthermore, the CTF does not believe the federal government should subsidize municipal or provincial infrastructure. SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 24 October 2011, 1710 (Mr. Gregory Thomas, Federal and Ontario Director, Canadian Taxpayers Federation [CTF]).

In recognition of the need to intensify investment in transit, the Government of Canada has made unprecedented contributions to transit systems in the past decade.<sup>31</sup> The federal contributions to transit have largely been through infrastructure programs intended for “incremental” projects, i.e., new projects that would not have otherwise happened without federal involvement.<sup>32</sup> One major funding instrument was the Canada Strategic Infrastructure Fund, of which approximately \$1.5 billion was invested in transit infrastructure. Since 2006, the Government of Canada has directly committed approximately \$5 billion towards transit across Canada through other infrastructure programs, including the Building Canada Fund, the Infrastructure Stimulus Program, the ecoMobility Program,<sup>33</sup> the Public-Private Partnership (P3) Canada Fund,<sup>34</sup> and the Green Municipal Fund.<sup>35</sup>

Funding programs dedicated to transit investments have included: the Public Transit Fund, worth \$400 million in 2005-2006; the Public Transit Capital Trust, which offered \$900 million between 2006 and 2009; and, a second Public Transit Capital Trust, which allocated an additional \$500 million between 2008 and 2010.<sup>36</sup> Federal contributions to transit have amounted to nearly \$1 billion annually in recent years and have leveraged even greater annual investments from other governments because of the cost-sharing nature of the programs. In total, some \$13 billion has been invested in transit initiatives since 2006.

Notable large federal investments in transit include the Toronto-York subway line extension, the Ottawa light rail transit project, the Evergreen transit line in Vancouver, the expansion of light rail in Edmonton and Calgary, and the revitalization of Union Station in Toronto. The Government of Canada was also the public partner in two significant transit public-private partnerships (P3s) in recent years: the Canada Line rail project in Vancouver, and a maintenance facility for commuter rail cars in Montreal. Smaller federal program investments have been used by municipalities to purchase buses, construct rights-of-way and dedicated transit signals, and introduce Intelligent Transportation System technologies.<sup>37</sup> The Building Canada Fund expires in 2014 and consultations on a new infrastructure program are forthcoming.<sup>38</sup>

According to Infrastructure Canada, the Government of Canada has focussed capital investments in transit projects that demonstrate positive outcomes in areas such as:

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31 SCOTIC (28 September 2011, 1550) (IC).

32 Ibid. (1650).

33 Transport Canada, “[ecoMobility Program](#),” *ecoTransport*.

34 PPP Canada, “[Eligible Infrastructure Categories](#),” *P3 Canada Fund*.

35 Federation of Canadian Municipalities, “[Green Municipal Fund](#),” *Programs*.

36 Stantec Consulting Inc., p.10.

37 SCOTIC (23 November 2011, 1550) (IC).

38 SCOTIC (28 September 2011, 1545) (IC).



mobility and congestion; access to transit; transit ridership; transit modal share; travel times; safety and security for passengers and other transportation users; operational efficiency; air emissions and greenhouse gases; and, implementation of transit-oriented development.<sup>39</sup>

The Government of Canada is already supporting transit throughout the country with significant annual investments through programs like the Building Canada Plan and the Gas Tax Fund, which has recently been legislated as a permanent annual transfer that provides our municipalities with long-term, predictable and stable funding to assist them with their infrastructure priorities, including transit. In order to ensure that federal funds continue to be well allocated and that the return on investment is maximized, all transit-related spending has to be subjected to clear accountability standards, safeguarding the transparent and responsible use of federal money.

**We recommend the following parameters for assessing the effectiveness of every investment in transit by the Government of Canada:**

- **Growth in access to and use of transit;**
- **Improvement of productivity through reduction in commute times and congestion;**
- **Economic impact through the number of jobs created and other GDP benefits;**
- **Decrease in greenhouse gas emissions and improvement of air quality;**
- **Utilize federal funding in an incremental way, i.e. no displacement of provincial and municipal resources.**

The other major component of federal funding for transit is transfers of federal gas tax revenues to provinces and municipalities. The Gas Tax Fund, which was established in 1996, amounts to \$2 billion per year Canada-wide and is distributed according to population to support environmentally sustainable infrastructure. The federal gas tax transfers give recipients more flexibility than the infrastructure programs because the federal government is not involved in project selection and does not require cost-sharing from other governments. Approximately \$1 billion of the gas tax transfers have been spent on transit projects since 2006. The Government of Canada recently made the gas tax transfers permanent in legislation.

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39 Infrastructure Canada Response, 25 October 2011.

## Transit Issues and Options

At their first appearance before the Committee on September 28, 2011, officials from Infrastructure Canada told the Committee that potential policy issues arising from the consideration of a potential National Transit Strategy could include the questions of:<sup>40</sup>

- dedicated versus broad-based funding programs for transit;
- new federal support for transit operating expenditures in new transit projects;
- new federal support for existing transit services;
- a larger cost-sharing role for the Government of Canada in transit projects; and
- establishing financial criteria for transit projects to be eligible for federal funding.

At subsequent Committee meetings in October and November 2011, additional areas of federal policy affecting transit arose during the discussions. Through oral and written submissions, stakeholders suggested some options with respect to a potential National Transit Strategy, including the following proposals for the Government of Canada:

- provide more funding for transit capital investments;
- provide new funding for operating costs and maintenance;
- make a longer financial commitment to transit;
- have special funding considerations for rural areas;
- play a greater federal role in the exchange of knowledge and best practices across provinces, territories and municipalities;
- foster more research and development in transit;

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40 Ibid. (1650).

- harmonize and centralize rail and bus safety regulations at the federal level;
- provide tax exemptions for employers that subsidize transit passes for their employees;
- require land-use plans and evidenced-based project evaluations in federal grant applications for transit investments;
- require transit agencies to explore contracting out new transit operations to private operators as a condition of federal funding;
- create federal incentives to switch to natural gas transit vehicles more rapidly;
- eliminate the sales tax on private bus company fares where they are in competition with public service providers; and
- issue charity receipts to federal railways that give unused corridors and lines to municipalities.

The key arguments stakeholders presented for and against these policies, as well as Committee recommendations, are presented in the following two broadly themed sections: federal funding for transit services; and, other aspects of a potential federal policy framework.

### **A. Federal Funding for Transit Services**

A number of stakeholders who met with the Committee in Ottawa took the opportunity to express appreciation for the billions in federal contributions to Canada's transit systems in recent years.<sup>41</sup> These witnesses indicated that the additional federal funds precipitated the undertaking of many important transit projects. Conversely, a representative of the Canadian Taxpayers Federation (CTF) was of the view that federal funding programs had distorted decision-making for transit agencies and had actually delayed necessary projects. The CTF argued that projects such as the Evergreen Line in Vancouver would have been built sooner if the transit agency had not waited for an offer of federal funding.<sup>42</sup>

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41 These included Metrolinx, the TTC, Bedford, Junca-Adenot, the CAA and TAC.

42 SCOTIC (24 October 2011, 1700) (CTF).

## 1. Program Funding Commitment

Officials from Infrastructure Canada advised the Committee that the Government of Canada was committed to discussions with the provinces and other stakeholders about a long-term infrastructure plan beyond the expiry of the Building Canada Fund in 2014. The most consistent message from stakeholders concerning the future infrastructure plan was the need for a predictable, longer term funding program for transit projects. A representative from the Canadian Urban Transit Association (CUTA) suggested to the Committee that rapid transit, which takes many years to plan and build, is what Canadian cities need for the future. Furthermore, rapid light rail transit and bus transit use dedicated corridors and require major investments from all orders of government to achieve. In order to approve such projects, transit authorities need assurance that all orders of government will be present and partners from the beginning until the end of a project.<sup>43</sup> Given the long planning cycle for transit capital for systems of all sizes, the overall policy framework should provide assurance of funding for 25 years while a particular program could be reassessed every 5 years.<sup>44</sup>

Some stakeholders also stated that accountability would be an important feature of the new funding program so that transit projects survived changes in government, whether municipal, provincial or federal, among other reasons.<sup>45</sup> In their brief to the Committee, the Victoria Chamber of Commerce recommended new legislation to ensure year-over-year funding and provide a more predictable investment climate for transit.<sup>46</sup>

When questioned about their preference between a dedicated transit fund and a broad-based infrastructure fund, many stakeholders did not have a preference as long as there were set asides for transit projects under a broad-based program. Officials from Infrastructure Canada pointed out that there are some 15 investment categories to provide flexibility for all communities to fund their priorities, including transit, whereas a fund dedicated to transit would exclude communities without transit.

The Government of Canada has committed unprecedented support to transit across Canada in recent years. Since 2006, more than \$5 billion has been invested by the federal government into transit systems through various programs, including the Building Canada Plan, the Gas Tax Fund and the Economic Action Plan.

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43 SCOTIC (3 October 2011, 1635) (CUTA).

44 Ibid. (1715) and SCOTIC (5 October 2011, 1715) (Bedford).

45 SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 3 October 2011, 1610 (Mr. Brock Carlton, Chief Executive Officer, Federation of Canadian Municipalities [FCM]); and SCOTIC (17 October 2011, 1635) (CUPE).

46 Greater Victoria Chamber of Commerce, Written Submission to the House of Commons Standing Committee on Transport, Infrastructure and Communities, p. 4.

**The Committee recommends:**

**That the Government of Canada establish a new long-term infrastructure funding program, similar to the Building Canada Plan, for post-2014 that includes transit as an eligible investment category.**

**2. Program Funding for Communities of Different Sizes**

Some stakeholders told the Committee that a new funding program for transit should consider the needs of different-sized communities, particularly those in rural Canada. A representative of Metrolinx, the commuter rail operator and manager of the air-rail link in Toronto, suggested that any funding program that succeeds the Building Canada Fund should have portions reserved for different-sized communities.<sup>47</sup> This notion was supported by the Canadian Automobile Association (CAA) and the Federation of Canadian Municipalities (FCM).<sup>48</sup> The AAMDC also recommended that funding should be earmarked for rural transit and that the federal share of rural transit project funding be raised to 50%.<sup>49</sup> To further support rural transit, the AAMDC and a representative of Motor Coach Canada (MCC), which represents the private bus industry, both proposed a new federal subsidy for intermunicipal bus operations, where necessary, to ensure continued operations.<sup>50</sup> MCC also suggested that private bus company fares should be exempt from sales tax where a private bus company is in competition with public bus services in order to level the playing field somewhat between the two operators.<sup>51</sup> Officials from Infrastructure Canada presented the federal government's view to the Committee, which is that equity among Canada's diverse communities is best achieved through the combination of a distributed, flexible source of funding (gas tax transfers) and special infrastructure programs. Government officials told the Committee that the question of operating subsidies for a private intermunicipal bus operator would pose some difficulty for the government, whereas intermunicipal services operated by the municipalities involved would be eligible for funding under existing programs.<sup>52</sup>

The Committee notes that a dedicated fund for transit that excludes other modes of transportation would disadvantage rural and remote communities; therefore, as the Government of Canada has recognized in various infrastructure programs, including the

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47 SCOTIC (2 November 2011, 1725) (Metrolinx).

48 SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 17 October 2011, 1620 (Mr. Jeff Walker, Vice-President, Public Affairs, Canadian Automobile Association [CAA]); and SCOTIC (4 October 2011, 1625) (FCM).

49 SCOTIC (24 October 2011, 1540) (AAMDC).

50 SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 19 October 2011, 1615 (Mr. Doug Switzer, President and Chief Executive Officer, Motor Coach Canada [MCC]).

51 Ibid. (1535).

52 SCOTIC (23 November 2011, 1540) (IC).

Building Canada Plan and the Gas Tax Fund, maximum flexibility in infrastructure funding programs is preferable.

**The Committee recommends:**

**That the Government of Canada continue to recognize the unique needs of urban and rural communities in Canada by allowing flexibility in the use of funds by municipalities.**

### **3. Program Funding for Existing Transit System Capital**

Some stakeholders who met with the Committee felt that the ineligibility of existing transit system needs, such as fleet replacement, and operating and maintenance costs, was a problem with past infrastructure programs. The FCM noted that Canada's infrastructure is extensive and much of it is either out of date or in disrepair and argued that federal funding should not be restricted to new infrastructure projects only.<sup>53</sup> As a case in point, the Toronto Transit Commission's (TTC) top priority is the replacement of its streetcar fleet, yet this capital expense is not eligible for infrastructure program funding.<sup>54</sup> Similarly, the Société de transport de Montréal (STM) told the Committee that its main, and most expensive, concern over the next 10 years is asset maintenance.<sup>55</sup> For its part, Metrolinx told the Committee that it would like access to federal funding to help with the costs of keeping its rail assets in a "state of good repair."<sup>56</sup>

**The Committee recommends:**

**That the Government of Canada continue to support the long-term usability of transit infrastructures.**

### **4. The Gas Tax Fund**

A number of witnesses praised the predictability of the federal gas tax transfers and the municipalities' freedom to direct the funds to their top infrastructure priorities. Several large municipalities, including Edmonton, Calgary, Toronto, Montreal, and Ottawa have dedicated the totality of their federal gas tax allocations to transit.<sup>57</sup> The FCM told the

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53 SCOTIC (3 October 2011, 1625) (FCM).

54 SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 16 November 2011, 1540 (Mr. Gary Webster, Chief General Manager, Toronto Transit Commission [TTC]).

55 SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 21 November 2011, 1700 (Mr. Michel Labrecque, Chair, Board of Directors, Société de transport de Montréal [STM]).

56 SCOTIC (2 November 2011, 1650) (Metrolinx).

57 SCOTIC (28 September 2011, 1620) (IC).

Committee that the federal gas tax transfer is appropriate for the various and diverse needs of municipalities in the way it is administered and designed, but that it is not sufficient for the size of infrastructure investments required.<sup>58</sup> The FCM is opposed to increases in the property tax to bridge the infrastructure gap because it submits that the property tax is already relied upon too heavily.<sup>59</sup> Several recommendations were put forth that would effectively increase federal gas tax transfers. The FCM, the STM and the Canadian Union of Public Employees (CUPE) recommended indexing the federal gas tax transfer to the rate of inflation to protect its purchasing power. CUTA asked for an extra cent from the excise tax to be dedicated to transit, which was a measure also supported by CUPE.<sup>60</sup> Florence Junca-Adenot, a professor of Urban Studies at the Université du Québec à Montréal, proposed that the remainder of the federal gas tax revenues be distributed to the provinces and municipalities for infrastructure and transit investments.<sup>61</sup>

The CTF had a different opinion of the federal gas tax transfers.<sup>62</sup> The CTF recommended that the Government of Canada stop levying excise tax on gasoline so that the provinces can tax it at a higher rate to better fund the building and maintenance of roads and bridges. The CTF proposes that road users pay for roads through the gas tax and transit users pay for transit through fares.

## **B. Other Aspects of a Potential Federal Policy Framework or Strategy**

Many stakeholders who met with the Committee presented the view that the Government of Canada has an interest in creating more federal policies and initiatives to foster growth of and demand for transit, despite its lack of constitutional jurisdiction. The CTF disagreed with this view, stating:

If anyone thinks that city transit ought to be a federal responsibility, you could propose rewriting the Constitution. But it probably makes sense that city transportation, transit, ought to be a city responsibility, and they ought to have the means available to pay for it.<sup>63</sup>

The FCM suggested that there is an extra-jurisdictional role for the Government of Canada in transit because the problems that arise from inadequate transit services, such as traffic congestion, air pollution and limited mobility, create national social, environmental and economic challenges.<sup>64</sup> This assessment was reinforced by CUTA and CUPE, which

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58 SCOTIC (3 October 2011, 1540) (FCM).

59 Ibid.

60 SCOTIC (17 October 2011, 1640) (CUPE).

61 SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 14 November 2011, 1710 (Florence Junca-Adenot, directrice, Forum URBA 2015, Université du Québec à Montréal).

62 SCOTIC (24 October 2011, 1630) (CTF).

63 Ibid. (1640).

64 SCOTIC (3 October 2011, 1615) (FCM).

observed that traffic congestion has economic and environmental impacts that transcend provincial borders.<sup>65</sup> CUTA, and other witnesses, also commented that creating dynamic urban environments is a central part of Canada's competitive advantage and thus a federal issue.<sup>66</sup> On this point, the representative of the STM suggested that the Government of Canada has underestimated the impact of congestion on competitiveness and the importance of transit.<sup>67</sup> Former Chief Planner for the City of Toronto Paul Bedford is convinced that Canada's "cities and city regions are absolutely critical for the economic health of the country."<sup>68</sup>

Some stakeholders drew upon existing federal government roles and initiatives to justify a new role for the Government of Canada in transit. According to Transport Action Canada, the Government of Canada should have more of an interest in transit because it has well-established responsibility for transportation safety. CUTA suggested that a national transit strategy would be complementary to existing national gateway, greenhouse gas, and innovation policies.<sup>69</sup> Some stakeholders, including AAMDC, SARM and Metrolinx, proposed that Canadians should have a right to expect mobility wherever they live, with the implication that a national standard is a federal responsibility.

During the Committee's hearings, many stakeholders alternated freely between the terms "strategy" and "policy framework." The CAA drew a distinction between the terms and was wary that a "strategy" would be overly prescriptive.<sup>70</sup> Similarly, CUTA rejected the notion of a strategy and suggested that "all orders of government should work together in developing a framework of national transit policies that are integrated and mutually supportive."<sup>71</sup> On the other hand, the FCM recommended a strategy based on principles, long-term planning and funding.<sup>72</sup> Whether as part of a policy framework or a strategy, stakeholders suggested a number of federal policies that could support transit to the Committee, which are described in the following sections.

## **1. New Federal Leadership**

There were multiple requests from stakeholders for the Government of Canada to assume new administrative and leadership functions with respect to transit in Canada.

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65 SCOTIC (3 October 2011, 1635) (CUTA) and (October 17, 2011, 1630) (CUPE).

66 SCOTIC (3 October 2011, 1630) (CUTA).

67 SCOTIC (21 November 2011, 1655) (STM).

68 SCOTIC (5 October 2011, 1640) (Bedford).

69 SCOTIC (3 October 2011, 1645) (CUTA).

70 SCOTIC (17 October 2011, 1555) (CAA).

71 SCOTIC (3 October 2011, 1635) (CUTA).

72 SCOTIC (3 October 2011, 1550) (FCM).



Several witnesses suggested that the federal government organize a venue or forum for all transit stakeholders to meet, discuss issues and share best practices.<sup>73</sup> A representative of the Swiss Association of Public Transport strongly recommended that the general public be consulted about transit decisions, as did the former Chief Planner from the City of Toronto.<sup>74</sup> A notable exception was the CTF whose representative commented that the federal government “has no useful place in the process.”<sup>75</sup>

In order to ensure that federal funds continue to be allocated in the best possible manner under a long-term infrastructure plan, the Government of Canada has to engage in a dialogue with the other orders of government to assess their funding needs and priorities. We are pleased with the announcement made on November 30, 2011 by the Minister of Transport, Infrastructure and Communities that the federal government has launched a formal engagement process that will bring together the Government of Canada, provinces, territories, the Federation of Canadian Municipalities and others to develop a new long-term plan for public infrastructure beyond the expiry of the Building Canada Plan in 2014. Collaboration and dialogue are essential to continue fostering a strong and productive partnership between the Government of Canada and the provinces, territories and municipalities, as each level of government has a role to play in developing world-class infrastructure, including transit infrastructure, across Canada. We commend the Minister of Transport, Infrastructure and Communities for showing leadership, forward-thinking and collaboration.

**The Committee recommends:**

**That the Government of Canada continue to recognize the need to form a strong partnership with the provinces, the territories, municipalities, as it has by launching a formal engagement process on the long-term infrastructure plan.**

MCC proposed that the Government of Canada develop a manual on how to contract with private operators for transit services.<sup>76</sup> Currently, knowledge is shared amongst all transit stakeholders at an annual meeting organized by CUTA, while regular exchanges take place among big city transit agencies.<sup>77</sup> Infrastructure Canada officials informed the Committee that the Government of Canada will be exploring the question of best practices in the context of the forthcoming consultations on the new infrastructure

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73 Supporters of a national transit forum include SARM, Metrolinx, the CAA, Bedford and the STM.

74 SCOTIC, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 21 November 2011, 1530 (Ms. Mirjam Butler, Deputy Director, L'Union des transport publics de Suisse [UTP]).

75 SCOTIC (24 October 2011, 1700) (CTF).

76 SCOTIC (19 October 2011, 1605) (MCC).

77 SCOTIC (2 November 2011, 1715) (Metrolinx).

program.<sup>78</sup> The FCM proposed that “the federal government and its agencies can take a leadership role in considering national principles and national level policy or national level resource allocation that will leverage resources from other orders of government and other actors.”<sup>79</sup> On this issue, officials from Infrastructure Canada indicated that the Government of Canada has shown leadership in funding and in financing, but it has not imposed any types of transit-specific measures that must be undertaken by provinces or municipalities.

A few stakeholders made reference to the Federal Transit Administration (FTA) in the United States. The FTA is deeply involved in research and policy-making to support transit, which is the jurisdiction of the American states. Transport Action Canada (TAC) observed that Transport Canada has no role comparable to the research and the policy involvement of the FTA in the United States.<sup>80</sup> TAC and Florence Junca-Adenot recommended additional federal research and development funding for transit in Canada.<sup>81</sup> The CAA, CUTA and Metrolinx advocated for more federal funding for intelligent transportation systems (ITS) in order to increase the capacity of existing infrastructure.<sup>82</sup> The STM said that Canada lags behind in deploying ITS in transit, which makes it easier for the public to use the services and increases ridership.<sup>83</sup>

## 2. Harmonized Regulations and Standards

During its appearance before the Committee, TAC called for uniform safety regulations and standards for all bus and rail transit services. TAC proposed that the safety regulator function be centralized with the federal government, given existing expertise at Transport Canada, the Transportation Safety Board, and the Centre for Surface Transportation Technology.<sup>84</sup> TAC believes that such federal resources would be of immense value to Canadian municipalities as they introduce new transit technologies, such as electrified rail in Toronto, or new rail-based transit services in other Canadian cities. MCC also supports harmonized safety regulations for all bus operations in Canada as it believes that the private bus industry is currently subject to more stringent safety regulations than public bus operators.<sup>85</sup>

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78 Infrastructure Canada, “[Government of Canada Invites Partners to Join in Developing a Long-Term Infrastructure Plan](#),” Media Release, 30 November 2011.

79 SCOTIC (3 October 2011, 1540) (FCM).

80 SCOTIC (5 October 2011, 1535) (TAC).

81 SCOTIC (14 November 2011, 1715) (Junca-Adenot).

82 SCOTIC (3 October 2011, 1655) (CUTA), and (2 November 2011, 1720) (Metrolinx) and (17 October 2011, 1540) (CAA).

83 SCOTIC (21 November 2011, 1655) (STM).

84 SCOTIC (5 October 2011, 1605) (TAC).

85 SCOTIC (19 October 2011, 1540) (MCC).

### 3. New Application Criteria

Some witnesses suggested that adding some conditions to the federal grant approval process would better ensure that value for money is achieved and only the best projects are selected. For example, financial criteria in the application process could help identify projects that meet a minimum cost-recovery standard if the government chose to set one. Metrolinx supported evidence-based project selection in order to demonstrate why certain projects are chosen over others, but recommended the inclusion of social and environmental benefits in the analysis.<sup>86</sup> Metrolinx and TTC told the Committee that, although some transit projects do not seem efficient from a financial perspective, they might be the right answer to respond to a particular social need.<sup>87</sup>

Infrastructure Canada officials commented on whether the Government of Canada should establish different criteria or triggers in the project approval process during their first appearance before the Committee. The Committee learned that the only thing the Government of Canada requires from its partners is that they commit to covering any operating losses in their totality. The effect of establishing financial criteria in the project approval process would be that funding would be awarded only to larger transit systems. Any projects outside of larger cities would likely automatically be excluded.<sup>88</sup> Furthermore, Infrastructure Canada suggested that establishing a cost-recovery threshold could give municipalities incentives to defer maintenance or increase fares in order to improve its ratio.<sup>89</sup>

The Committee learned that many municipal transit systems are already successfully partnering with private operators because of the significant savings they can achieve by doing so. According to MCC, savings of between 20% and 30% can be achieved through contracting services out to private operators.<sup>90</sup> It is estimated that nearly a third of the systems in Canada are currently contracting out at least part of their services. Some examples of private operators on contract in transit systems include bus transit in Calgary, Montreal and some cities in Ontario, and commuter rail in Toronto.<sup>91</sup> MCC suggested, as an efficiency measure, that the Government of Canada could require that transit agencies evaluate the benefits of contracting services out to private operators in order to qualify for a federal grant.<sup>92</sup> In their written brief to the Committee, the Victoria Chamber of Commerce expressed support for the use of P3 models in the

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86 SCOTIC (2 November 2011, 1605) (Metrolinx).

87 SCOTIC (16 November 2011, 1615) (TTC).

88 SCOTIC (28 September 2011, 1700) (IC).

89 Infrastructure Canada Brief, 25 October 2011.

90 SCOTIC (19 October 2011, 1535) (MCC).

91 Ibid. (1605) and SCOTIC (2 November 2011, 1645) (Metrolinx).

92 SCOTIC (19 October 2011, 1540) (MCC).

construction and ongoing delivery of transit systems across Canada.<sup>93</sup> CUPE does not support P3s over traditional procurement for construction, because financing costs are usually higher for private companies than they are for governments, and projects are not necessarily delivered more efficiently.<sup>94</sup>

**The Committee recommends:**

**That all levels of government should pursue greater private sector involvement in the provision of mass transit.**

**That the Government of Canada continue to recognize the importance of private partners in transit and consider carrying out infrastructure projects through public-private partnerships where the conditions are met.**

CUTA and the former City of Toronto Chief Planner told the Committee that transit and land-use planning go hand in hand.<sup>95</sup> Population density is very important for generating transit trips and fare revenue. CUTA suggested to the Committee that the federal grant approval process could require the submission of land-use plans by municipalities to ensure that transit projects would be supported by dense development.<sup>96</sup> CUPE also supported integrated transportation and land-use planning.<sup>97</sup> Currently, municipalities are required to complete an Integrated Community Sustainability Plan (comprising environmental, social, cultural and economic development objectives and actions to achieve a long-term vision) in order to receive federal gas tax transfers.<sup>98</sup> Officials from Infrastructure Canada told the Committee that funding applications for transit projects have been well-supported by planning documents.<sup>99</sup>

#### **4. Tax Policy**

Some stakeholders recommended federal tax measures to foster the growth of and demand for transit. TAC suggested that more municipalities would be able to acquire unused rail lines and corridors for transit purposes more readily if the Government of Canada would issue a tax receipt to the railway for the charitable donation. TAC told the

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93 Greater Victoria Chamber of Commerce, p. 5.

94 SCOTIC (17 October 2011, 1635) (CUPE).

95 SCOTIC (3 October 2011, 1700) (CUTA) and SCOTIC (5 October 2011, 1630) (Bedford).

96 SCOTIC (3 October 2011, 1720) (CUTA).

97 SCOTIC (17 October 2011, 1635) (CUPE).

98 Stantec Consulting Inc., p.15.

99 SCOTIC (23 November 2011, 1540) (IC).

Committee that municipalities often do not have the resources to acquire railway lines when the freight railways wish to dispose of them.<sup>100</sup> The Government of Canada recently provided tax deductibility for transit users who buy a pass but a number of witnesses called for federal tax exemptions for employers who subsidize transit passes for employees.<sup>101</sup> Such a measure is expected to give employers an incentive to provide transit benefits instead of parking benefits, and would increase transit ridership. According to CUTA, tax exemptions for employers that subsidize employee transit are already in place in Quebec, the United States, France and the United Kingdom.<sup>102</sup>

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100 SCOTIC (5 October 2011, 1540) (TAC).

101 SCOTIC (3 October 2011, 1650) (CUTA) and SCOTIC (5 October 2011, 1540) (TAC).

102 SCOTIC (3 October 2011, 1650) (CUTA).



# LIST OF RECOMMENDATIONS

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**Given the many benefits of transit services, the Committee recommends: ..... 3**

**As part of the new infrastructure plan that will replace the Building Canada Plan after its expiry in 2014, that the Government of Canada should continue to recognize the importance of transit to the economic health, quality of life and technological advancement of Canadian communities and the people who live in those communities.**

**We recommend the following parameters for assessing the effectiveness of every investment in transit by the Government of Canada: ..... 7**

- **Growth in access to and use of transit;**
- **Improvement of productivity through reduction in commute times and congestion;**
- **Economic impact through the number of jobs created and other GDP benefits;**
- **Decrease in greenhouse gas emissions and improvement of air quality;**
- **Utilize federal funding in an incremental way, i.e. no displacement of provincial and municipal resources.**

**The Committee recommends: ..... 11**

**That the Government of Canada establish a new long-term infrastructure funding program, similar to the Building Canada Plan, for post-2014 that includes transit as an eligible investment category.**

**The Committee recommends: ..... 12**

**That the Government of Canada continue to recognize the unique needs of urban and rural communities in Canada by allowing flexibility in the use of funds by municipalities.**

**The Committee recommends: ..... 12**

**That the Government of Canada continue to support the long-term usability of transit infrastructures.**

**The Committee recommends: ..... 15**

**That the Government of Canada continue to recognize the need to form a strong partnership with the provinces, the territories, municipalities, as it has by launching a formal engagement process on the long-term infrastructure plan.**

**The Committee recommends: ..... 18**

**That all levels of government should pursue greater private sector involvement in the provision of mass transit.**

**That the Government of Canada continue to recognize the importance of private partners in transit and consider carrying out infrastructure projects through public-private partnerships where the conditions are met.**



## APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
<b>Infrastructure Canada</b> Francis Bilodeau, Director, Policy Policy and Communications Branch Taki Sarantakis, Assistant Deputy Minister Policy and Communications Branch Stephanie Tanton, Principal Advisor Economic and Community Initiatives	2011/09/28	3
<b>Canadian Urban Transit Association</b> Patrick Leclerc, Director of Public Affairs Christopher Norris, Director of Technical Services	2011/10/03	4
<b>Federation of Canadian Municipalities</b> Brock Carlton, Chief Executive Officer Adam Thompson, Policy Advisor		
<b>As an individual</b> Paul Bedford, Adjunct Professor City Planning, University of Toronto and Ryerson University Former Chief Planner, City of Toronto	2011/10/05	5
<b>Transport Action Canada</b> David Jeanes, President		
<b>Canadian Automobile Association</b> Tim Shearman, President Jeff Walker, Vice-President Public Affairs	2011/10/17	6
<b>Canadian Union of Public Employees</b> Kelti Cameron, Research Officer Paul Moist, National President Toby Sanger, Senior Economist		
<b>Encana Corporation</b> Sam Shaw, Vice-President Natural Gas Policy Development	2011/10/19	7
<b>Motor Coach Canada</b> Réal Boissonneault, Chair Board of Directors Doug Switzer, President and Chief Executive Officer		

<b>Motor Coach Canada</b>	2011/10/19	7
Trevor Webb, Member		
<b>Alberta Association of Municipal Districts and Counties</b>	2011/10/24	8
Carolyn Kolebaba, Vice-President		
<b>Canadian Taxpayers Federation</b>		
Gregory Thomas, Federal and Ontario Director		
<b>Saskatchewan Association of Rural Municipalities</b>		
David Marit, President		
<b>As an individual</b>	2011/10/26	9
Harry Redstone, Retired professional engineer		
<b>Metrolinx</b>	2011/11/02	10
Dina Graser, Acting Vice-President Strategic Communications		
Bruce McCuaig, President and Chief Executive Officer		
<b>Université du Québec à Montréal</b>	2011/11/14	11
Florence Junca-Adenot, Director Forum URBA 2015		
<b>Toronto Transit Commission</b>	2011/11/16	12
Gary Webster, Chief General Manager		
<b>Société de transport de Montréal</b>	2011/11/21	13
Marc Bélanger, Director of Government Affairs		
Céline Desmarteaux, Director of Strategic Planning		
Michel Labrecque, Chairman of the Board		
André Porlier, Assistant to the Chair		
<b>Union des transports publics de Suisse</b>		
Mirjam Bütler, Deputy Director		
<b>Infrastructure Canada</b>	2011/11/23	14
Michael Rutherford, Director Economic and Community Initiatives		
Taki Sarantakis, Assistant Deputy Minister Policy and Communications Branch		
Stephanie Tanton, Principal Advisor Economic and Community Initiatives		

# APPENDIX B LIST OF BRIEFS

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## Organizations and individuals

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Bedford, Paul

Encana Corporation

Greater Victoria Chamber of Commerce

Metrolinx

Motor Coach Canada

Redstone, Harry

Société de transport de Montréal

Transit Eastern Ontario

Union des transports publics de Suisse



# REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant Minutes of Proceedings ([Meetings Nos. 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 18, 19, 20 and 21](#)) is tabled.

Respectfully submitted,

Merv Tweed, M.P.

Chair



## National Public Transit Strategy Study – Minority Report

### NDP Members TRAN Committee, 2012-02-09

#### Preamble

Canada's cities are growing – by 8% alone between 2006 and 2010. Already more than 81% of all Canadians live in urban areas. While the population is in on the rise, transit ridership is growing even faster at almost twice the rate. But sadly, our country is falling behind on transit infrastructure. With cities being squeezed between limited revenue sources and increasing, downloaded financial responsibilities, crucial investments are deferred. The funding gap for capital investments in urban transit alone amounts to more than \$23 billion for the next five years.

In this perilous situation where Canada's economic competitiveness and its citizens' standard of living are at the risk, the federal government has to step up to the plate. While the current government's efforts in infrastructure spending are appreciated, experts agree that it is too little, too random, too spread out. Without a clear federal focus, we will not get ahead of the curve but continue to fall behind in international comparisons. The Toronto area alone is losing \$6 billion in economic damages a year from traffic gridlock.

The New Democrats believe that a National Public Transit Strategy is required to address Canada's transit infrastructure needs in a comprehensive way. Only a federal government with a clear vision, a set of priorities and transparent criteria can work efficiently with the other levels of government to jointly tackle our nation's mobility challenge.

Federal support for public transit is not a question of preference, but of math. If we want to keep our increasingly urbanized workforce internationally competitive, there is no way around expanded and better transit. We are supported in our call for federal action by a plethora of mayors, transit operators, experts and organizations, including:

- Canadian Urban Transit Association
- Federation of Canadian Municipalities
- Association of Municipalities of Ontario
- Alberta Urban Municipalities Association
- Mayors of large cities including Edmonton, Winnipeg, Regina, Mississauga
- Regional transit agencies including Metrolinx, BC Transit
- Municipal transit operators, incl. Société de Transport de l'Outaouais, OC Transpo
- Think-tanks and civic groups, incl. The Pembina Institute
- Amalgamated Transit Union - Canadian Council
- Canadian Auto Workers

## **Dedicated Funding**

We agree with independent experts that a central part of any government action on transit has to be the establishment of a long-term funding stream that is dedicated for public transit.

The NDP therefore proposes the creation of a committed federal infrastructure fund in the form of a national public transit fund; long-term in nature, this fund has to be equipped with a stable, predictable amount of capital on an annual basis; the fund's resources shall be used for upgrades and expansions as well as state-of-good-repair investments.

Without dedicated long-term funding, proper and predictable long-term planning by other levels of government and transit operators will be impossible. Other countries have had stable funding in place for decades with the result of coherent, uninterrupted and strategic planning and expanding of their transit infrastructure.

To ensure transparency, predictability and a level playing field, a clear funding mechanism that enables provinces and municipalities to apply for and receive federal funds in a predictable and timely manner is of utmost importance. The current practice of ad-hoc, unguided and unpredictable disbursement of funds by the federal government has to be stopped.

In order to increase ridership, the federal government should work with the provinces to give tax-exempt status to employer-provided transit benefits.

## **Federal Leadership**

In order to ensure that federal funds are allocated in the best possible manner under a long-term investment plan, the federal government has to engage in a dialogue with the other orders of government to assess funding needs, priorities and risks. Those consultations are already taking place in related infrastructure investment areas. We recommend a similar approach based on the following suggestions:

We call on the federal government to set up an annual federal-provincial-territorial conference with all ministers responsible for public transit as well as representatives from municipalities and Aboriginal communities. This should be done in order to discuss mobility issues and plans and assess how the federal government can best support their initiatives; this forum will facilitate the exchange of best practices.

The federal government also has to take a leadership role by creating a federal investment plan for public transit across the country, updated and presented to the House of Commons annually, in part based on results from annual tri-partite conference.



Based on similar planning processes within the ministry, we deem the Policy Group within Infrastructure Canada to be a well-suited organizational unit to develop a national public transit policy framework, and to act as the coordinating unit. This will facilitate the collaboration with other federal departments.

To hold the government accountable, yearly reports to both House of Commons by the federal minister of transportation on the long-term investment plan, the consultations with the other levels of government and the progress made within the national policy framework for public transit will be helpful and necessary.

Clear application and performance criteria have to be put in place by the federal government to ensure that provinces and municipalities direct federal investment to public transit consistent with policy objectives. Under such a federal framework funding recipients have to ensure value-for-money by providing a reasonable and socially acceptable level of service cost effectiveness.

Encouraging and spreading best practices should be fostered through information sharing among all levels of government and transit operators in addition to tri-partite conferences.

### **Ensuring High Levels of Sourcing from Canadian Companies**

We urge the federal government to strive for high level of sourcing from Canadian manufacturers and service providers in federally-funded projects. While continuing to honour Canada's international obligations and keeping the door open to suppliers from abroad, the federal government should try to support our national economy through its transit funding.

This will ensure that federal investments in public transit not only benefit transit users but also secure Canadian jobs in manufacturing, construction and other areas.

### **Public-Private Partnerships**

In theory, public-private partnerships (P3) infuse competitive forces into the building and operating of transit. In practice, the experience with P3's is that they often lead to inflated overall costs, higher user fees, and increased complexity and time required to plan large projects. They experience a lack of accountability measures and are characterized by secretive contracts that dictate transit service levels, operational flexibility, while funding corporate profits with taxpayer dollars.

Divergent goals, methods and objectives of private actors can undermine the government's responsibility to look beyond the narrow self-interest of corporations. In Toronto, Metrolinx entertained years of P3 discussions for a rail link to Pearson International Airport, eventually leading to the private company walking away from the

project leaving taxpayers with the bag. In the case of the Vancouver-Richmond Airport Canada Line rail project, which is the largest transportation P3 in Canada, the RAV technology and corridor was selected behind closed doors to attract private investors, despite evidence and past government preferences for different routes and technologies that would have been more cost-effective.

Evidence from an accounting study of 21 transportation projects delivered through P3's in the UK found serious breaches of accountability, particularly the ability of current accounting methods to provide adequate transparency of the use of scarce tax dollars (Edwards et al. 2004).

The decision to automatically prefer P3's is politically and ideologically driven. This is especially true in light of past experiences where private sector leverage determined what technologies are used and where the service is to be provided, all under the threat that the project will collapse if the government does not give companies exactly what they request. The government should not give preference to projects that offer large returns for investors at the expense of projects that serve Canadians better.

The NDP supports a results-driven process where the public-interest and transparent analysis determine what a transit project looks like. The Government of Canada should support putting transit users and taxpayers before corporate interests and remove biases for P3's in the selection of infrastructure investment projects.

## **Dissenting opinion from the Liberal Party of Canada**

The Liberal Party of Canada concurs with the National Public Transit Strategy Report as proposed by the Standing Committee on Transport, Infrastructure and Communities. We recognize and understand the issues and challenges that Canadians and concerned jurisdictions must manage with respect to public transportation, on both the environmental and economic fronts. We are in complete agreement with the elaboration and implementation of a National Public Transit Strategy that is based on clear, inclusive principles and is respectful of jurisdictions. The Canadian Government can and must provide leadership in this matter.

We disagree with one point: The Liberal Party of Canada proposes the establishment of a dedicated infrastructure fund, including a specific component for public transit. The establishment of such a fund is essential in order for municipalities to face up to their infrastructure challenges in the years to come and tackle the numerous Canadian realities, be it rural, urban or semi-urban. With this flexibility, communities that do not have a public transportation system per se would still have access to the funds. Moreover, a component for structural projects, primarily in metropolitan areas, should be created to include proposals in a larger context. It is also absolutely essential to ensure the durability of older existing infrastructures.

We believe that by implementing this type of program, the Canadian Government will be able to fulfill its role as a unifying leader and facilitator.

With respect to governance, we will be able to ensure greater transparency and accountability for public transit projects while addressing regional differences and community needs in a fair manner. This is a tangible way to improve the quality of life of Canadians while respecting the role and jurisdictions of authorities involved.

