# OCC TRANSPORTATION POLICIES

ONTARIO CHAMBER of COMMERCE | 100 YEARS of advocacy

# 2011 - 2012

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# AGENDA

# OCC ENERGY POLICIES: 2011-2012

## ONTARIO'S TRANSPORTATION SYSTEM – DRIVING ECONOMIC GROWTH

Ontario's transportation system is essential to the economic well-being of the province. The efficient movement of goods and people within the province and across our borders into the United States and other parts of Canada plays a critical role in investment and economic growth in Ontario. Efficient and integrated commercial and passenger travel translates directly into economic prosperity for the province and a high standard of living for Ontarians.

Ontario's transportation network should be recognized by the provincial government as an economic enabler. For example, every year, $1.2 trillion in goods are transported on Ontario's highways and $627 billion are shipped across fourteen Ontario-U.S. land border crossings. In addition, millions of vehicles cross our major border crossings at Windsor, Sarnia, Sault Ste. Marie, and Niagara every year. These figures are expected to rise exponentially in the future. Ontario must continue to build and invest in transportation infrastructure to keep pace with the greater demands that will be placed on the system and to spur economic growth.

## CONGESTION – KILLER OF ECONOMIC GROWTH AND THE ENVIRONMENT

Densely-populated regions across the province face challenges related to rapid growth and crippling congestion. The impact of congestion is most noticeable in Ontario's busiest region, the Greater Toronto and Hamilton Area (GHTA). Congestion at all levels results in lost trade opportunities, jeopardizes employee recruitment/retention and reduces the province's overall economic development and competitiveness. Transport Canada estimates that the cost of congestion for Toronto alone is $1.6 billion per year. Metrolinx estimated that in 2006, traffic congestion cost the economy $6 billion and 26,000 fewer jobs. If uncontrolled, congestion could cost $15 billion and 58,000 fewer jobs by 2031. These are just a few of the economic impacts of congestion.

Just as significantly, congestion contributes greatly to polluting our air and reducing the quality of life of all Ontarians. On a typical workday, it is estimated that Ontario's drivers spend a total of 300,000 hours stuck in gridlock. At the same time, traffic congestion contributes about 30 percent of Ontario's greenhouse gas emissions. Ensuring Ontario's infrastructure is prepared to handle growth must be a top priority for the province.

The Government of Ontario has undertaken several initiatives that will begin to address Ontario's transportation infrastructure capacity deficiencies. MoveOntario 2020, the Southern Highway Plan (SHP) and the Northern Highway Plan (NHP) are transit and highway investment plans that will be instrumental in developing an integrated multi-modal transportation system. However, while the province is moving ahead with some projects, other major projects continue to experience delays. These include the eastward extension of Highway 407 from Brock Road in Pickering through to Simcoe Street and the extension of Highway 427 to the inter-modal facility in Vaughan. While recognizing these initiatives are included in Metrolinx's Regional Transportation Plan, there is significant concern that these projects will be threatened by further delay under the current Environmental Assessment (EA) process. It is therefore vital that the provincial government extend the amendments streamlining the EA process for transit projects to include all transportation infrastructure initiatives.

The Government of Ontario must also move forward with the Mid Peninsula Trade Corridor (or "Niagara to GTA Corridor"), an effective trade and transportation corridor between the border crossings on the Niagara Frontier, Southwestern Ontario, the GTA and a vital link with the proposed "Continental One" Highway in the United States. Instead, the Ontario government is widening the Queen Elizabeth Way through the Niagara Region, among other projects. While this expanded highway is welcome, the long term need will still require a new mid-peninsula corridor (see *Niagara-to-GTA Corridor,* Appendix). The government should also consider communities in Northern Ontario whose regional and local economies have specific needs (see *Twinning of the Trans Canada Highway,* Appendix).

Finally, the Ontario government should consider allowing longer combination vehicles (LCVs) to help ease congestion and improve air quality. LCVs are trucks that are configured to allow one tractor to pull two regular (up to 53 feet) trailers. In addition to offering a more productive and efficient way to haul freight than conventional trucks, LCVs can also help reduce the province's GHG emissions and improve air quality for all Ontarians (see *Improving Efficiency and Reducing GHG in the Supply Chain*, Appendix).

## LONG TERM VISION FOR OUR TRANSPORTATION NETWORK - PLANNING TO SUCCEED

Ontario does not have an integrated long-range multi-modal transportation plan (LRTP) that sets out an overall vision and framework to allow for the coordination of action by all levels of government and the private sector in addressing the province's transportation challenges. While a number of American states, including California, Texas, New York, and Florida have already completed a state-wide LRTP with a vision spanning over 20 to 30 years, Ontario is falling behind and must play catch-up.

If Ontario is to succeed in building an integrated transportation network to support our economic growth and prosperity in the years and decades to come, we need to plan ahead for 30 years. While recent provincial transportation initiatives under the MoveOntario 2020 strategy are a positive step forward, the timeframes outlined in these plans are limited to the next five years. For example, the 2008-2012 Southern Highway Plan only listed major highway projects already under construction and projects planned through to 2012. The significant and mounting economic costs of inadequate transportation infrastructure require Ontario to move quickly to develop a long term transportation infrastructure strategy that will address growing congestion, crippling gridlock, and rising border delays that have already resulted in reduced competitiveness and quality of life across the province over the past few decades. By addressing these challenges through a 30-year LRTP that includes both investment and planning initiatives, Ontario can build a safe, efficient and reliable transportation network that will help maintain the province's competitiveness and support economic growth.

Prior to investing in additional infrastructure, Ontario must accurately assess transportation infrastructure deficiencies to ensure the greatest economic benefits and the best use of taxpayer dollars. To optimize existing corridors and plan future transportation capacity, Ontario must accurately assess the existing flow of goods and the movement of people within the province and across the border. However, a significant challenge in developing an effective long range transportation plan is the lack of data regarding commodity flows across Ontario's transportation network. The Ontario-Quebec Continental Gateway and Trade Corridor initiative has carried out a goods and people movement study, but has yet to release the results. The study needs to focus on policy, infrastructure and regulation in relation to the vital U.S. trade regions of Detroit-Windsor, Port Huron-Sarnia, Buffalo-Fort Erie and Niagara and facilitate the coordinated efforts of the Governments of Ontario, Quebec and Canada. We urge the Government of Ontario to expeditiously complete the goods and people movement study by the end of 2011 (see *Ontario-Quebec Continental Gateway and Trade Corridor,* Appendix).

Once released, the5 goods and people movement study must set the foundation for the immediate commencement of a 30-year, long range transportation plan to be completed by the autumn of 2012. The LRTP should include short, medium and long-term planning and investment objectives and be integrated with regional growth plans developed through the Places to Grow Act. The primary objective of the Ontario LRTP is to improve linkages between all transportation modes with a view to placing Ontario on a level playing field with key competing jurisdictions. The plan needs to provide an overall vision and framework to allow the coordination of actions by all levels of government and the private sector in addressing the transportation challenges in the province (see *Goods and People Movement Study and Long Range Transportation Plan,* Appendix).

## FINANCING TRANSPORTATION INFRASTRUCTURE – PARTNERING WITH THE PRIVATE SECTOR

The cost of investing in our transportation and transit infrastructure will be very substantial. The federal government has made sizeable sums available as part of its greater strategy to alleviate the recent global economic downturn. This funding has facilitated a number of short-term transportation infrastructure projects and may bring forward additional medium-term projects. As helpful as this is, Ontario cannot build a sustainable and responsive transportation network relying on a financing plan as transitory as the federal government's stimulus projects. In light of the current state of the province's finances and with limited prospects for a significant turnaround in the near future, it is time for Ontario to consider transitioning away from the public financing model for building transportation infrastructure and exploring a range of other credible alternatives. The provincial government should use alternate financing methods for building and operating transportation infrastructure, including public bond issues and private financing (see *Alternative Financing for Transportation/Transit Infrastructure and Services,* Appendix).

## SUPPORTING PUBLIC TRANSIT – RESTORING PREDICTABLE AND SUSTAINABLE FUNDING

Ontario needs to recognize that public transit is central to enhancing the economic competitiveness of communities and mitigating damage to our environment by reducing carbon emissions. The absence of reliable, efficient and affordable public transit systems in our communities also negatively impacts Ontario's ability to attract new investment because access to efficient transportation infrastructure is one of the key factors in business location and expansion decisions. Additionally, public transit is crucial to improving the economic base of these communities, because it assists individuals in obtaining and retaining employment. For those who have no access to a vehicle and must travel long distances to get to their place of employment, affordable and well funded transit is a necessity. In addition to supporting local economies, increasing the use of public transit represents an important opportunity for the province to demonstrate environmental stewardship and combat climate change. Shifting commuters from car travel to transit will have the single greatest impact on the economy and environmental quality in congested areas.

### *REGIONAL TRANSIT*

The MoveOntario 2020 initiative provides 15 priority transit projects with assured funding for a period of five years. However, funding sources beyond this timeframe have yet to be declared, leading to a climate of uncertainty. For example, Metrolinx' s regional transportation plan, The Big Move, does not adequately address multi-year sustainable revenue sources critical for implementation of the 25 year integrated multi-modal transportation strategy. To be able to successfully implement the regional transportation plan, Metrolinx must address how to bridge the estimated \$32 to \$39 billion gap between existing funding commitments and the overall cost of fully implementing the regional transportation plan for the GTHA. To address this funding shortfall, the Government of Ontario must provide Metrolinx with adequate, predictable, and sustainable funding from general revenues in order for it to effectively plan, prioritize, finance and most importantly execute transportation investment across the region (see *Metrolinx – Addressing Outstanding Issues,* Appendix). Ontario must also ensure that all existing and future provincial strategic growth plans identify predictable and dedicated funding sources and include a mechanism to ensure that allocated funding for these projects will be implemented within a given timeframe.

### *LOCAL TRANSIT*

Public transit systems operated by municipalities across Ontario also need a source of stable and sustainable funding. Currently, municipalities receive transit money by way of the 70/30 funding formula (70 percent ridership/30 percent population). For many rural, older, mid-sized and sparsely-populated municipalities, this formula simply places too much burden on the municipality to subsidize the transit system. In view of public transit's significant role in attracting investment and safeguarding our environment, Ontario must rededicate itself to contributing funding that reflects the importance of public transit to the province. The provincial government must provide long-term scheduled funding for municipal and regional transit systems through a funding formula that acknowledges the realities of annual inflationary pressures and the unique challenges facing many rural, sparsely populated municipalities (see *Provincial Support for Municipal Transit,* Appendix).

### *INTER-CITY TRANSIT*

Further, in response to low ridership and declining revenues for inter-city bus services, bus companies have indicated their intention to reduce service in all parts of the province which will have a significant impact on rural Ontario and the provincial economy. While the business community appreciates the rationale for "getting costs in line", in this case the outcome is not in Ontario's economic interests (see *Support for Ontario's Inter-city Bus Network,* Appendix).

## INTEGRATION

The province's piecemeal approach to planning over the years has resulted in disjointed transportation infrastructure with costly implications to taxpayers. The proposed long range transportation plan (LRTP) referred to earlier is one way to better coordinate and integrate Ontario's investments in transportation infrastructure. Another useful measure to enhance integration would be the creation of a single transportation authority for the Greater Toronto and Hamilton Area along the lines of TransLink in BC. Established in 1999, TransLink has evolved to become the single South Coast British Columbia Transportation Authority that plans and manages the region's transportation system, including public transit, as a strategic whole. The Government of Ontario should evaluate the benefits and positive economic impacts of consolidating the GTHA's transportation and transit networks into one GTHA transportation authority (see *Developing a Single Transportation Authority in the GTHA,* Appendix).

## FARE INTEGRATION

Connectivity in modes of transit is essential to the success of the Greater Toronto and Hamilton Area Regional Transit Plan. A crucial element of this connectivity is a one-card fare integration system for the GTHA. With the development of the Toronto-York Spadina Subway Extension, there is an urgent need to provide seamless transfers across all lines without requiring customers to pay multiple fares. Currently, passengers only pay one fare to commute from their home to York University by public transit. If fare integration is not in place when the TYSSE enters into service, passengers will have to pay multiple fares increasing costs by up to 159 percent. Such a large cost increase could encourage transit users to shift away from public transit and add more cars to our already congested roads. Fare integration is an important issue that must be addressed in Ontario's transportation plan. The Government of Ontario should work with the regional transit operators through Metrolinx to implement an integrated fare structure for the GTHA regional transportation system and ensure it is in place for the opening of the Toronto-York Spadina Subway Extension (see *Regional Transportation Fare Integration,* Appendix).

## REIGN IN FEES

It is not just building and maintaining a first-rate transportation network that will help grow Ontario's economy. The province must ensure that other disincentives do not limit the efficient movement of goods and people. Transportation security fees, taxes, increased inspections and other surcharges are making Ontario and also Canada less competitive compared to other jurisdictions, particularly the United States. These added charges increase the cost of doing business, which can lead to lost production, investment, and ultimately, lead to job loss across the province. Ontario must work to make transit fees appealing and competitive (see *Transportation Surcharges and Fees Reducing Competitiveness,* Appendix).

## CONCLUSION

Ontario's transportation network is a major part of the province's infrastructure and a significant economic enabler that facilitates trade, attracts investment and helps create jobs across the province. Building on our advantage in this area will be critical if we are to maintain and improve our competitiveness in the decades to come. Developing an integrated, efficient and reliable multi-modal transportation network that will drive Ontario's prosperity in the 21st century requires vision and long-term planning. Ontario must start immediately to develop and implement a long range transportation plan that emphasizes integration and efficiency. We also need to support and grow the use of public transit across the province. Transit is not only a necessity for Ontarians who do not drive, it is one of the primary means for the province to reduce carbon emissions, improve air quality and demonstrate environmental stewardship.

# APPENDIX: POLICY RESOLUTIONS

## *Alternative Financing for Transportation/Transit Infrastructure and Services*

(approved May 1, 2010)

**ISSUE**

The current and foreseeable future need for new transportation and transit infrastructure is staggering. Public finances are in the worst disarray since the great depression. The Ontario government should transition away from the antiquated and ineffective public financing and operating of such infrastructure, and look to alternative means. There are ample credible alternatives available for consideration.

**BACKGROUND**

Ontario's infrastructure, in particular, its transportation and transit infrastructure, has neither kept pace with the past few decades of population growth, nor with its distribution.

Most of this growth has occurred in and around the GTA. The city of Toronto has an admirable public transportation system. However, it is aging, has insufficient capacity to serve a much larger population, and was primarily built to facilitate movement into and out of the city center.

The former "bedroom suburbs" surrounding Toronto now have a larger population than the amalgamated city itself. More commuters leave the city to work in the surrounding belt of municipalities than travel into it. The city center is progressively becoming a less significant locus of employment.

As a consequence, more and more citizens are forced to resort to the automobile as the primary means of travelling between their work and their residence. There simply are no other practical choices.

With the decades-long neglect of the road system, this simply increases congestion. Travel times are increasing, productivity is lost and pollution and green-house gas emissions are rising.

A provincial agency, Metrolinx, has been created to develop and implement a regional transportation plan for the Greater Toronto and Hamilton Area. Metrolinx's bold 25-year, $50-billion plan, called The Big Move, is meant to address these concerns. Currently, the provincial and federal governments have committed about $10-billion toward building this plan, but there is no strategy yet in place for how the remaining $40-billion needed for capital construction will be financed. With historic deficits at the federal and provincial levels, it is unlikely that significant new funds from general government revenues will be forthcoming in the near-term.

The federal government has made substantial sums available, as part of its greater strategy to alleviate the recent global economic downturn. It appears that this funding has facilitated many short-term transportation infrastructure projects and will bring forward many more medium-term projects on area municipalities' wish lists. Helpful as this is, Ontario cannot build a sustainable and responsive transportation infrastructure on a financing plan as transitory as the federal government's stimulus deficits.

One hopes that one day soon, the federal government will cease to run deficits purely to stimulate the economy, and will turn its efforts to eliminating its deficit and once more reducing debt. Similarly, the Ontario government already has a disproportionately large deficit, and one hopes, will turn to the same task.

To minimize the size of future budgetary deficits and large additions to the public debt, the Ontario government cannot fund these projects out of general revenues. It must make use of alternative financing sources for both highways and for public transit. Two of these – there possibly are others – are targeted bond issues and private financing in return for parts of the revenue stream. The bond issues should be tied to the assets that they finance and, therefore, the assets should generate sufficient revenues to retire them – in the form of tolls or fares, as appropriate. Similarly, private financing sources can be compensated by the revenue stream from the transportation asset.

There are many precedents in Canada, but especially in the United States, of using public bond issues and private financing to finance transportation infrastructure – not only the capital cost of construction, but also the operating and maintenance costs.

Large parts of the management of the current transportation infrastructure have already been outsourced to the private sector. Just two examples of these are:

- The 407 toll highway north of Toronto
- Go Transit operations management has been outsourced to Bombardier since late 2007

There are many large global companies including Bombardier, SNC Lavalin, Alstom (France) and others that operate and manage many elements of many of the world's public transit systems – as well as manufacturing the rolling stock, switching and control systems. It is time for the Ontario government to consider a complete utility outsourcing, on a pilot or a demonstration basis. That is, the government would set the outcomes that it wants – as to quality and reliability of service, capacity delivered, utility rate of return and so forth. It would then entertain bids from private companies or consortia to deliver.

There is no reason in theory why governments should be paying for and operating any part of the transportation infrastructure. This is a relatively recent practice, essentially a post-second world war assumption.

There is a growing public realization of the need for, and corresponding public support for, "Public Private Partnerships", which has been well-documented by the Canadian Council for Public-Private Partnerships in a study it had commissioned from Environics Research Group. On the question of whether the private sector should be involved in delivering services and providing financing to address the infrastructure gap, nationwide support has steadily grown to a majority of 64 percent in favour in 2006. In general, the public has been receptive to these new revenue tools, particularly when there has been a clear link between the money raised through the revenue tool and new infrastructure construction. In the 2008 US election, there were 32 referendums across the country asking voters to approve various revenue tools to enable new transit construction. Three-quarters of these measures were approved, often receiving over two-thirds of the voters' support. Significantly, 67 percent of voters in Los Angeles County approved a sales tax increase that will go toward mass transit expansion, including subway construction. Similarly, after the improved effects on their mobility, voters in Stockholm voted overwhelmingly to keep a congestion pricing scheme in place following a trial period in 2006.

In fact, the public-private partnership (PPP) approach is heavily used by the Ontario government under the term "Alternative Financing and Procurement" (AFP), which is a self-admitted euphemism for PPP. It is being used to finance billions of dollars worth of nuclear power plants, hospitals, courthouses, and much other public infrastructure.
This is not a terribly new approach either. In the late 1990s, University Health Network's Dr. Alan Hudson successfully arranged for the bond financing for $280 million worth of infrastructure upgrades to the hospital infrastructure, based on an energy-savings cost reduction business case.

Foreign capital markets view the operations and financial methods of Ontario's vehicle for AFP/PPP favorably as evidenced by a Moody's analysis of the workings of the Ontario Infrastructure Projects Corporation.

Given the foreseeable future of constrained public finances, and the current urgent need for transportation infrastructure, all of the alternatives should be vigorously pursued.

## RECOMMENDATIONS

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Use alternate financing methods for transportation infrastructure. Two methods could be public bond issues and private consortia
2. Include among various revenue tools, consideration of the use of tolls and fares to either pay down the bond issue, or to provide a stream of revenue to the private capital sources
3. Implement at least one pilot or demonstration project wherein the private company winner of a public competition finances, builds and operates either a toll road or a high-capacity public transit service entirely itself – subject only to the terms of the bid as set by the Ontario Government
4. Incorporate the recommendations above into Metrolinx's Investment Strategy, with a view to having this Investment Strategy unveiled no later than December 31, 2011

## *Developing a Single Transportation Authority in the GTHA*

(approved May 7, 2011)

**ISSUE**

Economic development and renewal are dependent on high quality, multimodal transportation services. There is room to improve the delivery and management of public transportation to better meet provincial needs and stimulate economic growth across Ontario.

**BACKGROUND**

At present, the provincial agency known as Metrolinx acts as the transportation authority designated to undertake a variety of public transit and transportation projects in the Greater Toronto and Hamilton Area (GTHA). Metrolinx's mandate is to improve the coordination and integration of all modes of transportation in the region.

However, Metrolinx does not act as the single transportation authority in the GTHA. Each municipality has its own network authority, whereas in Vancouver, one body – TransLink – has the sole designation to expand and maintain South Coast British Columbia's transportation network.

Established in 1999, TransLink has since evolved to become the single South Coast British Columbia Transportation Authority. Together with its partners, stakeholders, and corporate subsidiaries, TransLink plans and manages the region's transportation system, including public transit, as a strategic whole. Once created by the Government of British Columbia, TransLink replaced B.C. Transit in the Greater Vancouver Regional District and took on many transportation responsibilities held by the Province.

TransLink is responsible for regional transit, cycling, and commuting options, as well as Intelligent Transportation System programs. It shares responsibility for the major road network and regional cycling with municipalities in metro Vancouver. It is the first North American transportation authority to be responsible for the planning, financing and managing of all public transit in addition to major regional roads and bridges.

The Government of Ontario needs to examine such possibilities in the GTHA and must begin evaluating the benefits and positive impacts of consolidating the GTHA's transportation and transit networks into one GTHA transportation authority.

In addition, the provincial government should seek to analyze the positive economic impacts of coordinated public transportation efforts.

A consolidated network, operating under one authority, could provide the provincial government and respective GTHA municipalities with the opportunity to be cost effective and reduce tax costs, leading to potential savings for municipalities.

**RECOMMENDATION**

The Ontario Chamber of Commerce urges the Government of Ontario to:

> Consult with regional and municipal transportation authority's located within the Greater Toronto and Hamilton Area (GTHA) and undertake an independent review of the benefits and impacts of consolidating the GTHA's municipal public transportation networks under one regional transportation authority

## *Eastward Extension – Highway 407*

(approved May 7, 2011)

**ISSUE**

The negative economic and capital investment impact to Ontario of not proceeding to complete the Eastward extension of Highway 407 from Brock Road in Pickering to Highway 35/115 is real.

**BACKGROUND**

Since 2004, the Ontario Chamber of Commerce (OCC) has endorsed the call for completion of Highway 407 to Highway 35/115. The OCC noted that the negative economic, safety, and capital investment impact to Ontario of not proceeding to complete the Eastward Extension is real. This position was re-affirmed by the OCC at its annual general meeting in May 2010.

The provincial government's June 2010 announcement that the first end of the link for the extension would be at Simcoe Street in Oshawa came as a surprise to the business community. At no time was phasing in the Durham section of Highway 407 to 35/115 discussed. Local area politicians at all levels have been lobbying the province to keep its promise under the FLOW initiative (agreement between Ontario and federal government regarding a long-term transportation action plan for the GTA).

The Ontario business community has some basic and common sense concerns regarding the economic and public safety impact to Ontario of not proceeding with the completion of this project. The Greater Oshawa Chamber of Commerce and business leaders agree that it is imperative that Highway 407 be extended to Oshawa and recommend that the province put an acceptable alternative in place to extend Highway 407 to Oshawa and through Durham Region to Highway 35/115 in a timely manner. This is vital for the movement of goods and service and tourism across the GTA.

Transportation is a key factor in unleashing the GTA and Durham Regions' economic potential. The lack of an alternative freeway across the GTA is not only a safety issue but, results in delays to auto and commercial traffic when Highway 401 is closed or capacity is limited as a result of an accident or construction/rehabilitation. Such events are becoming increasingly commonplace.

This gridlock results in lost trade opportunities in manufacturing and tourism, jeopardizes employee recruitment and retention, and reduces economic competitiveness in the GTA. Reducing gridlock, congestion and integrating the transportation network are policy priorities for the OCC. It is important for the provincial government to plan for the construction and completion of such projects as the extension of Highways 407, 410, 427, 69 and the Niagara-to-GTA corridor to alleviate congestion and ensure public safety. An adequate and updated highway system is an important link to the economic success of all of Ontario.

Inadequate east-west capacity and no alternative freeway on the east side of the GTA (east of Brock Road to Highway 35/115) cause delays to autos and commercial vehicles. Existing freeway congestion constrains trade, tourism, recreation, and economic growth opportunities. Transportation problems (including, safety, operations, and level of service) in the area currently relate primarily to recreational and tourist traffic (Kawartha, Haliburton, Bay of Quinte), however, congestion due to commuter traffic is spreading easterly as the GTA continues to grow. Congestion in the eastern part of the GTA will be further exacerbated by continuing growth in areas to the east of Durham (Port Hope, Cobourg, Trenton, Belleville, Peterborough, etc.) and associated traffic demands.

In recent months, this issue has become extremely politicized by elected officials at all levels of government. In 2007, when the FLOW agreement was signed, Canada was not in a deep recession. Since the economic downturn in late 2008, there has been an increase in political rhetoric on this issue. The OCC believes that we must return to a more reasoned approach in addressing this issue.

## RECOMMENDATIONS

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Work with all stakeholders and put in place an acceptable alternative that gets Highway 407 to Oshawa and through Durham Region to Highway 35/115 as expeditiously as possible
2. Set out firm timelines and commitments for the extension past Oshawa to Highway 35/115
3. Immediately commence construction as announced in March 2011 for the extension of Highway 407 beyond Brock Road in Pickering through to Simcoe Street and, prior to opening the Simcoe Street interchange, commence work on the completion of Highway 407 to Highway 35/115. North-south linkages that could cause delays to completion of construction of the eastward extension should be postponed

## *Goods and People Movement Study and Long Range Transportation Plan*

(approved May 7, 2011)

**ISSUE**

Ontario's transportation system is crucial to the economic well-being of Ontario and the country as a whole. The efficient movement of goods and people within Ontario and into the U.S. directly affects Ontario businesses and impacts the province's ability to better compete with other jurisdictions. A comprehensive multi-modal study of goods and people movement for the entire province and border crossings is required to determine what is needed for present and future transportation growth.

Currently a goods movement study is being undertaken and its results will be needed in order to immediately begin a long-range transportation plan for Ontario.

A province-wide long-range transportation plan (LRTP), which has yet to be realized, must include both investment and planning initiatives. This is critical to Ontario's future economic success. While documents in the past have been developed identifying short-term (e.g. five-year) initiatives, Ontario does not have an integrated LRTP which provides an overall vision and framework to allow the coordination of actions by all levels of government and the private sector in addressing the transportation challenges in the province.

**BACKGROUND**

Ontario is a vast province with diverse urban and rural communities that face a variety of transportation challenges related to population levels, economic activity, growth rate and physical and natural conditions.

Some areas in Northern Ontario require additional transportation capacity to attract business investment and to help diversify their economy. Alternatively, areas such as the Greater Toronto Area (GTA), including the Hamilton area, face challenges related to rapid growth and crippling congestion.

Congestion at all levels results in lost trade opportunities, jeopardizes employee recruitment/retention and reduces the province's overall economic competitiveness. Growth needs to be handled as well. Ensuring Ontario's infrastructure is prepared to handle growth must be a top priority for the province. The ability to move goods and people easily across the province and across the Ontario/U.S. border plays a critical role in investment and growth in Ontario. Efficient and integrated commercial and passenger travel translates directly to economic prosperity for the province and a high standard of living for Ontario residents.

Yet, prior to investing in additional infrastructure, Ontario must accurately assess transportation infrastructure deficiencies. Thus, a long-range transportation plan is needed immediately.

The United States, including California, Texas, New York and Florida have already completed a state-wide LRTP with a vision spanning over 20 to 30 years and Ontario is still behind in this respect. Since then, these state plans have been consistently updated every five years. In contrast, the limited extent of Ontario's long range transportation planning is illustrated in the final Growth Plan for the Greater Golden Horseshoe, released in June 2006. No date or time was set.

Ontario has initiated a goods movement study, which should take into consideration projected demographic and economic factors to help assess current and future transportation infrastructure needs.

The development of the Ontario-Quebec Continental Gateway and Trade Corridor Strategy, has led to Ontario, Quebec and the federal government's partnership to study the needs and opportunities of the multimodal transportation system in Ontario and Quebec.

The Strategy will represent a concrete commitment to coordinated long term actions by the three governments. A detailed implementation plan, including short, medium and long-term actions will be released in conjunction with the Strategy. It will include infrastructure investments and policy, regulatory and other initiatives to flesh out the framework of potential actions from the Strategy. Ontario has stated the partnerships between the private and public sectors will be needed to ensure the Strategy is successful.

The Ontario Chamber of Commerce believes that the Strategy – once released – must set the foundation for the immediate commencement of a Long Range Transportation Plan (LRTP). Once the Strategy is released, its findings need to be integrated into a provincial, multimodal LRTP.

The LRTP will contribute to placing Ontario on a level playing field with key competing jurisdictions especially those located in the U.S. Not until a goods movement study is complete, will the province be able to plan for an infrastructure system that benefits the north, south, east, west, central, and Golden Horseshoe regions. That is why the province is encouraged to ensure goods movement and people studies will be completed by the end of 2011.

The primary objective of the Ontario LRTP is to improve linkages between all transportation modes. The establishment of a LRTP, in the end, enables the province to effectively develop and implement policies which better utilize Ontario's extensive network of well-developed road, rail, marine and airport facilities prior to investing in new infrastructure.

**RECOMMENDATIONS**

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Continue working on and expeditiously complete a goods movement and people study by the end of 2011 which will provide information on policy, infrastructure and regulation – focusing on Ontario as well as the vital U.S. trade regions of Detroit-Windsor, Port Huron-Sarnia, Buffalo-Fort Erie and Niagara, including Eastern and Northern Ontario border crossings
2. Develop a 30-year, long range transportation plan based on the results of the goods and people movement study, to be completed by the fall of 2012; the long range transportation plan must:
    a) Include short, medium and long-term planning and investment objectives spanning 30 years
    b) Be integrated with regional growth plans (e.g. Growth Plan for the Greater Golden Horseshoe area and the proposed Growth Plan for Northern Ontario) developed through the Places to Grow Act
    c) Be used to promote coordination and consistency among land-use and transportation planning and investment by all levels of government and other transportation stakeholders
    d) Include a measure which will ensure that allocated funding for transportation infrastructure projects is implemented within a given timeframe

## *Improving Efficiency and Reducing GHG in the Supply Chain*

(approved May 1, 2010)

**ISSUE**

In order to position Ontario's businesses, particularly those in the manufacturing sector, to take advantage of the global recovery, we need to ensure that they have access to the most productive and efficient freight transportation system possible. The use of Longer Combination Vehicles (LCVs) in Ontario will significantly enhance the ability of the trucking industry to play its role in supporting the economic recovery and ongoing competitiveness of the Ontario economy.

At the same time, allowing the use of LCVs will also contribute to reducing the carbon footprint of the freight transportation sector by eliminating an estimated 151 kilotons of GHG emissions annually.

Therefore, the Ontario government can help improve efficiency in the supply chain and help reduce GHG emissions by allowing the use of LCVs.

**BACKGROUND**

In August 2009, the Ontario government began allowing the use of a truck configuration where two regular (up to 53 feet) trailers are pulled by one tractor. This configuration, called an LCV, is currently allowed in the majority of U.S. states as well as every other Canadian province, except Prince Edward Island and Newfoundland and Labrador.

In Ontario, as in every other jurisdiction, LCVs can only be operated through the granting of a permit by the Ministry of Transportation. In order to be eligible for a permit, both the carrier and the drivers who will actually operate the LCVs must meet safety criteria, as well as operate under very strict restrictions. For example, LCVs cannot be operated in inclement weather, during peak traffic periods in the GTA, during the winter months at all, only on 400 series highways (except for a few kilometers to get into a terminal), etc. It is important to note that LCVs cannot carry more weight than a regular truck configuration. They are simply longer, but cannot be any heavier, than a regular truck.

Due to these safety regulations, in every jurisdiction where LCVs operate, study after study has shown that they actually have a better safety record than regular truck configurations. For example, one Alberta study estimated that LCVs account for a reduction of 67 collisions a year in that province, when compared to the number of collisions that would be realized by using single-trailer configurations for the same operations. In Ontario, during the period from June to December (when the winter restriction stopped all LCV operations) the LCVs operating in Ontario completed 4,114 trips, covering 1,281,268 kilometers, with zero collisions or incidents. There is no foundation in fact for an argument that LCVs pose any threat to the motoring public.

The primary benefits of LCVs are as follows:

1. Increased productivity and efficiency in goods movement, LCVs offer an increase in carrying capacity of between 90 percent and 100 percent compared to existing configurations
2. LCVs can achieve total fuel savings of 30 percent over existing configuration, resulting in an equal reduction in Greenhouse Gas (GHG) emissions. A recent study sponsored by Natural Resources Canada estimated that for freight movements in Ontario alone, the annual savings would be 54 million liters of fuel leading to a reduction of some 151 kilotons of GHG
3. Studies estimated that LCVs could account for only about 10 percent of total truck traffic (because of the weight limitations), however, this would still reduce the total number of trucks on the highways, eliminating the need for up to 750,000 trips per year on Ontario's already heavily congested roads and highways; This would mean up to 2,800 fewer trucks per day on Toronto area freeways

Ontario has taken a tentative approach to the introduction of LCVs, allowing a maximum of 50 carriers to participate in the program during the first year and limiting those 50 carriers to only 2 LCV permits.

**RECOMMENDATION**

The Ontario Chamber of Commerce urges the Government of Ontario to:

> Fully remove the limits on the number of companies eligible for the program so long as they meet the safety and due diligence of provincial testing, as well as on the number of LCV permits per company, as soon as is prudent and practical once the success of the program in terms of safety and performance are proven

## *Metrolinx - Addressing Outstanding Issues*

(approved May 2, 2009)

**ISSUE**

To be able to successfully and effectively implement a regional transportation plan for the Greater Toronto and Hamilton Area (GTHA), Metrolinx must address the following issues:

1. Immediately deal with how to bridge the gap between existing funding commitments and the overall cost of fully implementing the regional transportation plan for the GTHA
2. Create and implement a goods movement strategy that effectively balances cost-efficiency, convenience, safety, and environmental stewardship

**BACKGROUND**

Metrolinx must move quickly to get shovels in the ground. It must also immediately address the $32 to $39 billion gap between what has been allocated and what it has estimated will be required to fully implement its regional transportation plan. Metrolinx needs a more robust funding model to be effective and to undertake the long-term transportation planning and expansion required to support the economic and population growth of the region and province. There is a vital need for all levels of government to commit dedicated, predictable funding for transportation infrastructure.

Metrolinx must immediately consult with business leaders on the development of a comprehensive goods movement strategy. Simply put, congestion costs Ontario billions of dollars each year. The safe and efficient movement of goods is paramount to the competitiveness and survivability of Ontario businesses. Metrolinx must involve Chamber members in the development of a goods movement strategy. This strategy must create a wider variety of cost-effective, safe, environmentally responsible and highly flexible options for moving goods.

**RECOMMENDATIONS**

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Provide Metrolinx with dedicated and sustainable funding from their general revenues
2. Direct Metrolinx to, within a year, unveil a long-term financing plan that will satisfy the regional transportation plan’s capital and operational requirements and to immediately implement this plan
3. Instruct Metrolinx to accelerate its work on a comprehensive goods movement strategy, with a view to finalizing this strategy within twelve months
4. Ensure that the Metrolinx board members, respecting its private sector composition, reflect the municipalities that they serve

## *Niagara-to-GTA Corridor*

(approved May 7, 2011)

**ISSUE**

The need to move ahead with the Niagara-to-GTA Corridor (also known as the Mid Penn Corridor), which includes an essential highway component, is critical and urgent in order to meet the evolving needs of residents, industry, tourism, transportation and governments in the Greater Golden Horseshoe and surrounding communities.

The government's actions in Niagara-to-GTA corridor should go beyond the current plan to increase existing infrastructure capacity along the QEW, 400 series highways and Highway 6. A new mid-peninsula corridor with connections to neighbouring communities would facilitate the creation of a transportation multi-modal hub between Canada and the U.S. and foster economic opportunities across the entire province.

**BACKGROUND**

The stated principal goal of the government's transportation strategy for the Niagara-to-GTA (NGTA) Corridor is to provide an efficient trade and transportation link that connects the "Continental One" Highway in the U.S., the Niagara Frontier, South-Western Ontario and the Greater Toronto Area into one seamless transportation corridor. Meeting the needs of all communities that rely for their prosperity on the NGTA corridor requires an economic development approach that factors in regional economic development priorities and ensures coordination with regional planning and investment activities over a long-term time horizon. A highway that links the Niagara Frontier to Hamilton and the GTA and has connections to neighbouring business communities such as Brantford, Cambridge, Guelph, Kitchener-Waterloo and Milton, is vital to meeting the overall transportation needs of the affected regions and the Ontario economy.

The Niagara Peninsula area is strategically located within South Central Ontario and acts as an international trade and tourism gateway between the Greater Toronto Area and southwestern Ontario and the U.S. Some 120 million people and major industrial markets in Ontario and neighbouring states in the U.S. lie within 500 kilometers of the NGTA Corridor. With the Niagara frontier accounting for 16 percent of total Canada-U.S. trade, efficient international trade and goods movement through the Niagara Peninsula into Canada's economic heartland is fundamental to trade, tourism and economic growth in Central Ontario, the province and the country.

As population and employment grow in the Niagara/GTA area and surrounding municipalities, levels of traffic congestion on existing highways will continue to increase. Studies show that in 30 years, the demand for travel will exceed the capacity of the existing regional transportation system. The results would be increased congestion, higher fuel consumption and air pollution, a decline in productivity and a lower quality of life.

In 2007, Wilbur Smith Associates conducted an independent study commissioned by the Niagara Economic Development Corporation, Niagara Region, and the City of Hamilton. The study looked exclusively at the economic opportunities of a new highway in the NGTA Corridor, and concluded that:

- Global and domestic trends include a shifting focus in freight transportation needs
- There will be an increase in demand for package, airfreight, and customer direct truck services
- There will be an emphasis on reliability and predictability of transportation services
- All industries require a multi-modal transportation system
- The NGTA corridor would not only address capacity deficiencies, but would complete a multi-modal system for port, airport, and U.S. border crossings, including connections from east to west, as well as to the North

The addition of a new highway to the NGTA corridor would not only benefit the residents in the Greater Golden Horseshoe (GGH), but would also play a pivotal role in ensuring an efficient, multi-modal goods movement network that connects the GGH to the rest of Ontario, including connections from East to West as well as to the North.

In order to address the capacity deficiencies of the region, the Ministry of Transportation commissioned a feasibility study which looked at several alternative options, including the construction of a new highway from the Niagara frontier to the GTA. The results of Phase 1 of the study were released in 2010. MTO has since indicated that it will be moving ahead with a hybrid alternative that includes some strategic widening of provincial highways as well as the development of some new transportation corridors.

The government's plan is to widen and improve highways along sections of the QEW Niagara, the 403, 401, 407, and Highway 6, and develop new transportation corridors from Highway 403 in Ancaster to Highway 407 at Walkers Line in Burlington, and from the QEW (Fort Erie) to Highway 406 in Welland.

The Ontario Chamber of Commerce (OCC) supports the Ministry's work in these areas. As part of its small-scale infrastructure improvements, the Ministry should also address the ongoing need for a redundant roadway between the 406 and 403, to ensure that the rise in use of the QEW does not impact local municipal roadways. However, the OCC believes that simply widening existing infrastructure and building new corridors at the boundaries of the NGTA corridor does not fully address the needs of the region or the intent of the NGTA corridor strategy. As illustrated, the construction of a new highway between the Niagara frontier and GTA with westward, eastward and northward linkages would not only address capacity and structural deficiency in the region, but would allow the region to act as a multi-modal system for port, airport and U.S. border crossings. Through allowing more goods and people to pass through the two boarders, the corridor would foster economic development opportunities for the entire province.

In order to achieve the necessary improvements, the government should immediately move ahead with implementation of a new mid-peninsula corridor while pursuing its infrastructure plans in the Niagara Region. A legacy project of this extent requires the government to take an economic development approach that incorporates planning and investment activities in surrounding communities over a long-term time horizon. The current 20-year assessment is too limited. A more complete and detailed long term plan should look at a 30-year target, which emphasizes the importance of goods movement, transportation and logistics, economic development, and trade forecasts beyond 2031. Such a plan would also extend the geographic boundaries of the study to incorporate all areas that have direct links to the region, such as Brantford, Cambridge, Guelph, Kitchener-Waterloo and Milton.

## RECOMMENDATIONS

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Acknowledge the strategic importance of the Niagara-to-GTA (NGTA) Corridor to the creation of a multi modal transportation hub through immediately commencing with a long-term (30-year) plan for the region based on an economic development vision achieved through coordination and consultation with civic leadership, policy-makers and planners from all surrounding communities
2. Expand the geographic boundaries of the study to include surrounding areas such as Brantford, Cambridge, Guelph, Kitchener-Waterloo and Milton.
3. Construct the NGTA corridor project in two stages:
   a. Include the Niagara Frontier-Hamilton portion of the proposed mid-peninsula highway in the Environmental Assessment phase of the existing infrastructure improvement projects, and commence with construction of stage one as quickly as possible
   b. Concurrently with the construction of stage one, begin a feasibility study using a 30-year time line for the Hamilton to 401 portion and connections to all surrounding communities
4. Engage business leaders and other representative groups including civic leadership, other levels of government, and planners to ensure that the broader community supports the long-term regional transportation strategy (in consulting the business community, consideration must be given to rail, truck, air, and marine transportation representatives, to create an overall multi-modal transportation strategy)
5. Encourage all regional leadership structures, including all levels of government, business leaders and economic and social institutions to become champions for the corridor project
6. Take into account the sensitive biosphere and heritage of the Niagara Escarpment, designated Greenbelt areas and public health issues
7. To address early designations and provide for the protection of future transportation corridors to ensure availability for acquisitions

## *Ontario-Quebec Continental Gateway and Trade Corridor*

(approved May 7, 2011)

**ISSUE**

The Ontario Quebec Continental Gateway and Trade Corridor process is a long-term strategic planning exercise involving Ontario, Quebec and the federal governments that is essential to ensuring that Eastern Canada, including Ontario, maximizes its access to the increased cargo volumes that are expected to develop with the expansion of the Panama Canal in 2014, and the increased emphasis on trade with transatlantic partners.

**BACKGROUND**

Southern Ontario stands to benefit from increased logistics activity, as well as ancillary manufacturing and value-adding activities brought about by enhanced shipping volumes.

As a result of the recession of 2008, the Ontario-Quebec process has become stalled, somewhat owing to the diversion of potential infrastructure investment funding to short-term economic stimulus projects.

It is important that despite short-term restrictions of transportation infrastructure funding that the results of the Ontario-Quebec process be unveiled to the transportation community for detailed examination and discussion. Infrastructure funding can be part of a separate discussion that takes into account the potential for alternative funding models, including user fees and public-private partnerships.

**RECOMMENDATION**

The Ontario Chamber of Commerce urges the Government of Ontario to:

> Urge its federal partners to publically release the results of the Ontario-Quebec Continental Gateway and Trade Corridor strategy without delay and to re-convene the private-sector advisory group for input into implementation strategies and funding implications

## *Provincial Support for Municipal Transit*
(approved May 2, 2009)

**ISSUE**

As several key regions in Ontario expand and an increasingly large constituency of the public turns to public transit as a means of reducing their environmental impact, the provincial transit funding formula as it is currently subsidized, limits Ontario municipalities from developing and growing their systems to match and meet the demand of their populations.

Furthermore, since the principal funding source for most municipal transit authorities is obtained through ridership fares, considerable deterioration has occurred among many transit systems. In certain jurisdictions, vehicle fleets have surpassed or are nearing the end of their lifespan, roadways are woefully structured, fuel costs are rising and the growing service area have compounded to strain the system.

**BACKGROUND**

Traffic congestion negatively impacts economic activity and our quality of life. On a typical workday, it is estimated that Ontario's drivers spend a total of 300,000 hours stuck in gridlock, while traffic congestion contributes about 30 percent of Ontario's greenhouse gas emissions. This level of congestion affects Ontario's ability to attract new investment, as access to efficient transportation infrastructure is a key factor in business location and expansion decisions.

Shifting commuters from car travel to transit will have the single greatest impact on the economy and environmental quality in congested areas. Achieving this transition will require making transit competitive with the automobile in terms of convenience, cost, and comfort. Strengthening municipal transit systems through increased provincial investment would increase transit services and result in a jump in ridership.

In 2009, the Ontario government intends to share $321 million in gas tax revenue with 111 municipalities (89 transit authorities). The province expects this money to assist in expanding routes, extending operating hours, and upgrading infrastructure.

While this is a positive step, the formula by which transit funding is distributed to municipalities is unsound. At present, municipalities receive transit money by way of the 70/30 rule. This funding formula is based on a ratio of 70 percent ridership and 30 percent population. For many rural, older, mid-sized and sparsely populated municipalities like Greater Sudbury, this formula simply places too much burden on the municipality to be the majority subsidizer.

Additionally, public transit is crucial to improving the economic base of these communities, because they assist individuals in obtaining and retaining employment. For those who have no access to a vehicle and must travel long distances to get to their place of employment, affordable and well founded transit is a necessity.

Consequently, the provincial government needs to recognize that public transit is central to enhancing the economic competitiveness of these communities and must rededicate itself to contributing funding that reflects the individual characteristics and shared challenges of municipalities across the province.

## RECOMMENDATIONS

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Speed up the transfer of funding from the MoveOntario fund with a priority for communities who are confronted with unique operational conditions
2. Provide long-term scheduled funding for municipal and regional transit systems through a funding formula that acknowledges the realities of annual inflationary pressures and accepts that there are unique challenges facing many rural, sparsely populated municipalities
3. Reexamine and engage Ontario municipalities on the effectiveness and fairness of the current funding formula

## *Regional Transportation Fare Integration*

(approved May 7, 2011)

**ISSUE**

Connectivity in modes of transit is essential to the success of the Greater Toronto and Hamilton Area Regional Transit Plan. A crucial element of this connectivity is an one-card fare integration system for the Greater Toronto and Hamilton Area. With the development of the Toronto-York Spadina Subway Extension, there is an urgent need to provide seamless transfers across all lines without requiring customers to pay multiple fares.

**BACKGROUND**

We applaud the federal, provincial and municipal governments for making their largest ever investments to help fund transit infrastructure within the Greater Toronto and Hamilton Area (GTHA). The present transportation system is widely viewed as inadequate and traffic congestion is now a regional issue that affects all municipalities and residents in the GTHA. The ability of businesses to operate in and around the GTHA and the vitality of the regional economy, are dependent upon an efficient regional transportation network.

Network connectivity needs to be the backbone of the regional transportation plan; transfers should be easy and efficient. Connectivity must not stop at any particular municipal boundary; rather it should be continuous throughout the GTHA and be based on an integrated fare system, which incorporates "smart" card technology.

An integrated fare card system is fundamental, for example, to the successful implementation of the Toronto-York Spadina Subway Extension (TYSSE), especially as it relates to York University. The TYSSE is the first example of higher order transit that will cross municipal boundaries within Ontario.

Upon completion of the TYSSE, all regional transit buses will move from the current central location on campus to off-campus locations:

- GO Transit buses will be relocated north of the University to the Highway 407 Station, requiring all passengers to transfer to the subway and travel to one of the two stations on campus
- York Region Transit (local & Viva buses) will be relocated to a new bus terminal on the north side of Steeles Avenue; passengers will be required to transfer to the subway for one stop, or walk to central campus; the walk would not be weather protected, and may be challenging to those with disabilities
- Brampton Transit (Zum) buses will be relocated to the Vaughan Corporate Center, requiring passengers to transfer to the subway to station stops on campus
- The GO Train Station will be relocated from its existing location 1.5 km east of Campus on Canarctic Dr. to the Sheppard West Station; York University GO Train shuttle will be stopped and passengers will be required to transfer to the subway and travel north to one of the stations on campus

Currently, these passengers only pay one fare to commute from their home to York University by public transit. If fare integration is not in place when the TYSSE enters into service, passengers will have to pay multiple fares. This would represent a significant cost increase.

To illustrate: a student commuting from Ajax to York University would have to pay GO Transit $6.45 and then pay the TTC $3.00, for a total of $9.45 per trip, an increase of 47 percent over what they currently pay for the same trip. Alternatively, that student could use a monthly GO pass from Ajax which costs $168 and then use a TTC pass, which costs $99, totaling $267 per month, an increase of 159 percent over what they currently pay for the same trip. As a result, many York University staff, faculty and students may decide to drive to the University instead of using public transit.

The resulting increase in vehicular traffic will have a negative impact on the University and surrounding roads, as it will also increase congestion and gridlock.

York University, with a current population of over 65,000 people (staff, faculty, students, and Seneca@York), has the second largest number of daily commuters in the GTHA behind Pearson Airport, representing a significant impact on the region’s road network. Today, approximately 65 percent of the community uses public transit to commute to the University – a significant improvement from the late 1990s when 70 percent of commuters to York used private vehicles.

The success of the TYSSE must rely, in part, on the adoption of an integrated fare payment/collection system. To the extent possible, the system should be designed so that riders do not pay appreciably more than they do at present. There are programs currently used in many major cities and urban regions in North America, Europe and Asia, ensuring that it is the easiest and most efficient means of payment and line transfer for all users.

Fare integration across a number of different transit operators in one region has been implemented in a number of jurisdictions. For example, in London, UK, the Oyster Card is used to pay for more than 80 percent of daily trips on Transport for London (TfL) services. This is a pay-as-you-go system, in which users are charged for every zone they travel through. As of January 2010, Oyster Cards are accepted at all 350 London Rail commuter rail stations within Greater London. Decision makers in London understand that if they want more people to take public transport, it must be as convenient and seamless as possible. Because Oyster Card users are guaranteed they will be charged the lowest fare per trip, commuters benefit not only from the convenience of using one payment method, but also pay lower fares than they otherwise would be charged. Within the GTHA there already are integrated fare agreements. York Region and GO Transit riders can pay a $0.50 fare for a York Region bus to take them to GO Transit Stations. As well, with the deployment of “PRESTO” cards (a smartcard-based fare payment system in the Toronto, Hamilton and Ottawa transit regions), there is an opportunity to further enhance the smart card technology to implement fare integration.

The implementation of a regional fare integration system will be integral to the creation of a sustainable, attractive, and efficient transportation network. The benefits of the move to a smartcard system will support the development of further infrastructure and will make the regional transportation network more customer-friendly, hopefully leading to greater use of the network and ultimately assisting in the alleviation of regional congestion and gridlock.

**RECOMMENDATIONS**

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Through Metrolinx, work with the regional transit operators to implement an integrated fare structure for the Greater Toronto and Hamilton Area (GTHA) regional transportation system
2. Implement this new fare integration system, at the latest, in conjunction with the opening of the Toronto-York Spadina Subway Extension

## *Support for Ontario's Inter-city Bus Network*

(approved May 7, 2011)

**ISSUE**

In response to low ridership and declining revenues for inter-city bus services, bus companies have indicated their intentions to reduce service in all parts of the province, with significant impact on rural Ontario and the provincial economy.

**BACKGROUND**

In Canada, some 19 percent of the national population lives in rural areas. Between 1981 and 2006, car ownership doubled across the country, leading to low ridership and declining revenues for inter-city bus services. As a result, bus companies have recently indicated their intentions to reduce service in all parts of the province. While the business community appreciates the rationale for "getting costs in line", in this case the outcome is not in Ontario's economic interests.

The inter-city bus network is highly integrated, allowing customers to travel throughout the province and throughout North America. This system transports customers to larger centers for work, shopping/leisure and medical services. The effects of reduced service will be felt by rural and urban communities alike.

Bus parcel express is the conduit by which urban businesses service their rural customers in a timely fashion; it is also the means used by rural businesses to serve customers in larger centers. Loss of this valuable service could lead to increased costs to both the supplier and the customer and a decline in the economic health of our communities.

Similar cost pressures are being felt across Canada. Inter-city bus carriers have applied to reduce service and/or increase fares in Atlantic Canada and in Newfoundland/Labrador. British Columbia, Manitoba, Saskatchewan and Quebec have seen similar challenges.

Faced with dwindling options for customers, several provincial governments have enacted supports to keep services going. Proposed service cuts in Manitoba and Saskatchewan have been postponed with assistance from the provincial treasuries. The Quebec government has provided tax breaks on fuel and small grants to its operators. The Ontario Chamber of Commerce urges the Government of Ontario to follow suit.

**RECOMMENDATIONS**

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Explore various options to enhance the viability of inter-city bus and rail service to Ontario's rural communities
2. Implement measures to maintain inter-city bus and rail service in Ontario

## *Transportation Surcharges and Fees Reducing Competitiveness*
(approved May 7, 2011)

**ISSUE**

Transportation security fees, taxes, increased inspections and other surcharges are making Ontario and also Canada less competitive compared to other jurisdictions, particularly the U.S. These added charges increase the cost of doing business, which can lead to lost production, investment, and ultimately, lead to job loss across the province.

**BACKGROUND**

U.S. Customs Fees

In 1985, US President Ronald Reagan signed into law the Consolidate Omnibus Budget Reconciliation Act (COBRA). This act authorized the U.S. Customs Service to collect user fees for inbound air and sea passengers, commercial trucks, rail cars, private vessels, dutiable mail packages and customs broker permits. The 2007 COBRA CBP user fees are as follows:

- Private Aircraft Decal: $27.50 (USD) per calendar year
- Private Vessel Decal (30 feet or more in length): $27.50 (USD) per calendar year
- Commercial Vehicle User Fee – $100 – US CBP, $105 – U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS)
- Canadian Border – $205 (USD) per calendar year
- Mexican Border – $205 (USD) per calendar year

In 2007, the Animal and Plant Health Inspection Service (APHIS) removed the inspection exemption for Canadian-grown fruits and vegetables, and the user fee exemption for commercial vessels, trucks, railroad cars, and aircrafts, as well as international passengers entering the U.S. from Canada.

The inspection user-fee amounts are as follows (the amount changes on October 1 of each year):

- Commercial Trucks: $5.25 per entry; $105 annually with a purchased transponder
- Commercial Vessels (100 net tonnes or more): $490 per entry; after the 15th entry, there is no charge
- Loaded Commercial Railroad Cars: $7.75 per entry
- Commercial Aircraft: $70.50 per arrival
- International Airline Passengers: $5.00 per arrival

While APHIS seeks to preserve border security and prevent agricultural diseases and animal pests from entering the U.S., the rule adds to the growing list of red tape. Canadian carriers are already heavily invested in programs and procedures to secure the supply chain. These include Customs-Trade Partnership Against Terrorism (C-TPAT), Free and Secure Trade (FAST) and the one-hour advanced notification to the U.S. Customs and Border Patrol Agency (CBP) requirement for all U.S. inbound truck shipments. CBP and the Food and Drug Administration (FDA) also screen abnormalities through their targeting systems and warn border officials of any potential threats.

The Canadian Chamber of Commerce reported that certification for trade facilitation programs such as FAST, C-TPAT, Partners in Protection (PIP), Customs Self Assessment (CSA), and NEXUS can cost a company more than $100,000 USD. By imposing additional inspections and fees on all Canadian shipments and inbound airline passengers, APHIS increases the cost to shippers and manufactures, as well as exacerbates existing challenges already impeding the legitimate movement of goods across the border.

In 2004, Ontario exported to the U.S. $11.8 billion in agricultural products, $430 million of which were vegetables. However, added costs and inspections increase uncertainty of the availability of needed goods. Agricultural products also face the possibility of spoiling due to unanticipated delays at the border. All this is a major disadvantage considering just-in-time logistics has become the way of doing business for many companies. By reducing the amount of onsite inventory, costs are reduced and companies gain a competitive advantage. Instead of using Canadian producers, U.S. companies have chosen to use inputs from their domestic producers.

Airport Fees

Since 1996, Toronto Pearson International Airport, managed by the Greater Toronto Airports Authority (GTAA) has been a key piece of economic infrastructure to the Province of Ontario. Toronto Pearson is a massive economic enabler that drives prosperity and supports jobs including revenues generated totaling $26.4 billion and employment income totaling $6.8 billion. Toronto Pearson is the anchor organization of the single largest employment area in the province, with 38,000 employees working at the airport and 185,000 jobs supported by the airport, making it a strong driver of economic growth across Ontario.

Despite the significant investments made in creating a strong economic presence, government collects greater than $170 million from Toronto Pearson on an annual basis. This has included $145 million in rent to the federal government in 2010, $141 million in 2009, $141 million in 2008, and greater than $1 billion in total payments since the transfer of the airport in 1996. Added to this, Toronto Pearson pays approximately $25 million a year to local levels of government.

Toronto Pearson has had to take on significant debt through development, but despite this has made significant progress by introducing new incentive programs that have led to lower fees and $55 million in airline savings in 2010 alone. Toronto Pearson's fee reductions are being offset by an increase in airport activity, as air carriers operating at Toronto Pearson have increased service on a total of 28 routes representing either entirely new destinations served or increases in capacity on existing routes.

In addition, Toronto Pearson's landing fees for cargo aircraft, general terminal charges, and landing fees for passenger airlines have been reduced by 4.3 percent, 8.1 percent, and 4.5 percent respectively, effective January 1, 2011. As of the same date, Toronto Pearson reduced the Airport Improvement Fee for connecting passengers by a full 50 percent, from $8.00 to $4.00. These major reductions in costs are being noticed, as Toronto Pearson has been named the 2010 Most Improved Airport in the world by the International Air Transport Association. This global industry award recognizes the significant strides made by Toronto Pearson in its commitment to working with all customers and stakeholders. Despite these numerous fee reductions, Toronto Pearson is still at a competitive disadvantage compared to other international airports.

Aviation Fuel Tax

The Ontario Chamber of Commerce (OCC) encourages the province to make air travel in Ontario more competitive by eliminating the provincial aviation fuel tax on international flights. As it currently stands, it is significantly more expensive to operate international air services in Ontario than British Columbia, Alberta, Quebec and in competing U.S. jurisdictions.
As a result, tax revenue, jobs and economic activity are lost to Ontario. While the Government of Ontario collects approximately $38 million annually from the aviation fuel tax, the addition of just one additional daily passenger service between Ontario and India, for example, would result in an economic boost to the province of $90 million and 255 jobs.

Ontario's tax on aviation fuel puts the province at a disadvantage compared to neighbouring and competing jurisdictions in Canada and the United States. At 2.7 cents per litre, the province's aviation fuel tax is higher than many Canadian provinces.

Aviation Fuel Tax Per Province

| AB | BC | SK | MB | ON | QC | NB | NS | PEI | NF |
|---|---|---|---|---|---|---|---|---|---|
| 1.5 | 2.0 | 3.5 | 3.2 | 2.7 | 3.0 | 2.5 | 0.9 | 0.7 | 0.7 |

Ontario is also one of the only provinces that does not exempt this tax for transborder and international flights. Transborder and international flights are exempt from aviation fuel taxes in Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick and, beginning in April 2011, in British Columbia. As well, several provinces have implemented rebate programs that significantly reduce the tax burden on international and/or domestic cargo flights. Finally, competing U.S. states do not charge such a tax.

Eliminating this fuel tax on international flights would assist in attracting new international services and routes to Ontario. Apart from stimulating tourism by bringing increased passengers, the OCC believes that this would enhance business ties and stimulate two-way trade between Ontario and other countries over the long-term. The end result would be more jobs, business and ultimately tax revenues.

Other charges applied to all airports include the airport departure tax. This adds between $10.00 and $20.00 per Canadian airline ticket. It is a significant cost, particularly for families travelling by air. U.S. airports do not have such fees.

Overall, security charges, GST, provincial sales taxes, NAV Canada fees, fuel surcharges and airport rent can total more than 30 percent of the final airline bill. This directly affects Ontario's competitiveness:

- Million of Ontarians per year use the Buffalo Niagara International Airport and avoid Hamilton and Toronto Airports
- Travellers from the Ottawa region use the airport in Syracuse, New York, and are also regularly bussed out of the province to Montreal Airport, where there is no provincial fuel tax on international flights
- 300,000 tonnes of cargo is trucked out of Ontario to U.S. airports like those in Chicago, New York, Detroit and Miami on an annual basis
- Airlines strategically avoid purchasing fuel in Ontario, instead purchasing excess fuel ("tankering") in U.S. cities, resulting in a loss of potential revenue for the Province

An assessment of competitiveness is needed to better understand how competitive Ontario and Canada are compared to other jurisdictions. The province needs to determine what the fees are and how they compare from a provincial and national perspective. When this is done, the province can develop effective policies and strategies to ensure an improved level of competitiveness.

## RECOMMENDATIONS

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Work with the federal government, U.S. government bodies and transportation stakeholders to assess the true impact of fee and surcharge differentials to Ontario and Canada's global competitiveness by the end of 2011
2. Develop policies designed to mitigate the impact of the transportation surcharges and fee differentials on Ontario and Canada by incorporating the results of the study by 2012

## *Twinning of the Trans-Canada Highway 11-17*

(approved May 7, 2011)

**ISSUE**

Ontario requires safe highways for commerce and consumers. A key area of concern is that both Highway 11 and Highway 17 share a single road bed for a significant portion of the Trans-Canada Highway link between the junction of Highway 11 and Highway 17 just east of Nipigon to Thunder Bay. Over the last number of years, significant weather events and traffic accidents have forced the closure of sections of the highway for long periods of time.

When Highway 17 north of Lake Superior is closed, commercial travelers can access the Northern Highway 11 with a minimum loss of time. The same is not the case between Nipigon and Thunder Bay. When the section between Sistonens Corners and Shabaqua, west of Thunder Bay is shutdown, nothing can move between Manitoba and Southern Ontario, unless it goes through the United States. However, some Canadian commercial traffic is prohibited from traversing U.S. highways due to local state restrictions

The provincial government must safeguard east-west commerce through creating a four-lane divided highway through Northern Ontario. The starting point should be where both Highways 11 and 17 share the same roadbed and there is no alternative to use.

**BACKGROUND**

It is estimated that upwards of 70 percent of all truck traffic travelling through Thunder Bay is passing through – providing goods, including perishables and manufacturing goods moving from Southern Ontario to the West and vice versa. These goods are primarily handled by truck through the Northwest and every time there is a significant closure of the single lane section of the Trans Canada Highway, the economic well being of the province, as well as the region suffers.

This route is Ontario's only trans-Canada trade corridor. A closure of this section of the Trans-Canada Highway, which is vulnerable to debilitating accidents and intentional destruction, is not in anyone's best interest. Fuel tax dollars should be used to create a divided highway in all of those sections where Highways 11 and 17 are together. In the long-term it makes economic sense. As a country, and as a province, we cannot afford to have our east-west commerce held hostage.

The twinning of this section of the highway is an expensive proposition. The estimated price tag is well over $500 million. Setting aside the construction jobs this would create, the majority of the benefits of twinning this section of the highway would accrue to businesses and consumers throughout the province. A significant amount of planning needs to be done before the project can begin. The government must accelerate the planning process and establish construction targets for the commencement of the twinning. In 2009, the province announced plans to twin much of the Thunder Bay to Nipigon section, which has long been requested.

The province, along with the federal government, should also develop a 10-year plan that would see the project completed in a way that would provide stability in the highway construction industry in the area for a significant period of time.

Ontario should not be solely responsible for this major undertaking. The initial construction of the Trans-Canada Highway – which was deemed a matter of national importance – was only possible through a major financial contribution from the Government of Canada. A federal contribution to the section West of Thunder Bay would be consistent with previous efforts by the federal government to assist the Prairie Provinces in their twinning effort – the construction and ongoing upgrading of the Yellowhead Route, which parallels the Trans-Canada Highway.

The federal government will accept applications for partial funding for this project. The Province has every right to expect the federal government to contribute funding.

Northern Ontario does not have the transportation alternatives readily available in other parts of the province, and therefore must rely more heavily on personal transportation vehicles for the economic and personal well being of the area. It needs roads that are not only safe but accessible at all times.

Ontario is investing significant funds, both capital and operating, in enhancing tourist opportunities in the region. Private sector developments in the forestry and mining sectors continue to add traffic volume to area highways. A further investment in regional transportation infrastructure ensures maximum benefit to both the region and entire province of Ontario over the life of the project, and beyond. There has been some improvement to the Northwestern Ontario Highway system in the past few years with some additional passing lanes; however, safety and commerce continue to be issues.

Once the province commits its own funding to this project, it will be in a strong position to bargain with the federal government to provide support for the Trans-Canada Highway in Ontario.

**RECOMMENDATIONS**

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Develop and implement a long-range plan including the commitment of specific sums of money over the long term to create a four-lane divided highway through Northern Ontario to enhance and grow the economies of the North
2. Partner with the federal government to plan to twin all sections of the Trans Canada Highway, starting where there is no alternate Canadian highway route; this plan is to be completed within two years so that construction can start in 2013

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