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Chair

Mr. Merv Tweed

Standing Committee on Transport, Infrastructure and Communities

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• (1535)

[English]

The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)): Thank you and good afternoon, everyone.

Welcome to meeting number 12 of the Standing Committee on Transport, Infrastructure and Communities. Our orders of the day, pursuant to Standing Order 108(2), are a study of the national public transit strategy.

Joining us today from the Toronto Transit Commission is Mr. Gary Webster, the chief general manager.

I know we've had a discussion about some of things that are happening, so I'll ask you to make your presentation and, if time permits, we'll go to questions. If not, we'll come back for further questions.

Please proceed.

Mr. Gary Webster (Chief General Manager, Toronto Transit Commission): Good afternoon, ladies and gentlemen. Thank you for inviting me here today to address this committee as you consider a national transit strategy.

My name is Gary Webster. I'm the chief general manager of the Toronto Transit Commission, and I've been so for four years.

The TTC, if I may say, is a thread that binds Toronto and the surrounding region together. Without it, the economy of Toronto and the Greater Toronto Area would grind to a halt, quite literally, in many cases.

The TTC carries more than 1.6 million daily customers. In 2012, 503 million customers are expected. That's about one quarter of all transit trips taken in Canada next year. We're the third largest transit system in North America, after New York City and Mexico City. The Toronto Transit Commission operates 1,800 buses, 245 street cars, more than 100 subway trains, and over 400 paratransit vehicles. We employ 1,300 men and women. We operate across approximately 7,500 kilometres of bus and streetcar routes. We have a \$1.5 billion operating budget, with a \$1 billion annual capital budget, not including the ongoing expansion projects that are under way.

As you can see, the TTC is not a small operator. In the greater Toronto and Hamilton area, 85% of all transit trips taken in the region are on the TTC, so we are a regional hub.

The TTC ridership has been growing at 3% per year for the past several years. Despite the economic slowdown and a 25 cent fair

increase in 2010, the TTC has continued to grow, providing for continued employment and economic activity.

Laying new streetcar and subway rail isn't as exciting as cutting the ribbon for the first trip of a new Toronto rocket subway train. But if this fundamental need for funding of basic infrastructure—what we call “state of good repair”—isn't met, then the system will no longer be able to operate those much-needed new trains. Maintaining an infrastructure with an asset value of over \$11 billion is critical to a modern transit system in a city like Toronto. On that, I suspect we can all agree. Continued and sustained capital investment in the TTC infrastructure ensures that we can meet the enormous demand for transit service in the Toronto region.

Through fares, our customers contribute over 70% of the TTC's operating budget, with the other 30% subsidized by property taxes levied on home and business owners in the city of Toronto. Our customers and the taxpayers are doing their part. This cost recovery is one of the highest for any transit operator, making the TTC one of the most efficient transit systems in the western world. But we, like other large transit operators, need the tools, in the form of long-term, sustainable and predictable funding, to continue to meet customer demands for modernization and improve service.

Public transit is just that—it's public. It's supported and sustained through public investment. The federal government has been a key partner in funding the subway extension north into the York region, as well as providing the much-needed capital funding for projects like the new high-capacity Toronto rocket subway trains. These investments have helped make the TTC more efficient. We appreciate the investment the federal government has made in transit, particularly in the TTC. The size and age of our system, along with the demand for more capacity due to the growth we are facing, means we need even more support.

You're all familiar with the congestion story in the greater Toronto-Hamilton area. It will not improve until transit systems like the TTC can focus on transit and the demands of our customers, your constituents. We spend too much time in Toronto wondering how the system will be funded each budget cycle, rather than planning improved service so our customers can get to work and school on time, which is key to the success of the Toronto region's economy.

The federal gas tax, CSIF, and Building Canada Fund are all examples of federal government investments in transit, and we thank you for that. You've demonstrated a recognition of the value of public transit. This investment needs to continue.

• (1540)

Long-term sustainable funding ensures reinvestment for infrastructure modernization and expansion to address the annual growth in our ridership of 3%.

The TTC's approved capital program sets out our \$7.8 billion capital need over the next 10 years. We have only \$5.5 billion in funding commitments from the Government of Canada, the Province of Ontario, and the City of Toronto. These needs will only increase as the system ages, and as the demand for service grows. We have needs for more than long-term sustainable investment in the TTC.

We also have real immediate needs. One of our most pressing needs is for the modernization of Toronto's streetcar fleet, as well as for a new maintenance and storage facility to maintain it. The streetcar network carries almost 300,000 customers every day to employment and education opportunities. A federal contribution to new, modern, and much larger streetcars will improve TTC's performance and significantly increase the ridership that could be carried on this network.

Our message is that a permanent new relationship needs to be forged with all governments, one that recognizes basic infrastructure needs, as well as the increasing demand from the public for transit to be efficient and reliable and a viable alternative to private autos. Finally, the story should not be about annual hand-wringing over how the TTC will meet its budget targets each year, but about how sustained, predictable federal funding for transit will contribute to the TTC's continuing to improve service and meeting its growing demands.

We support the principles set out by the Federation of Canadian Municipalities' Big City Mayors' Caucus, and by the Canadian Urban Transit Association in their presentation to the Government of Canada to establish a national transit strategy. In Toronto, we are asking our customers to pay more for transit through their fares. We are asking the City and the Province of Ontario to put a funding strategy in place so that Toronto taxpayers know how much they are expected to contribute to transit. We are asking the Province and Metrolinx for more capital investment for our transit needs. And we are asking the Government of Canada to respond to the request for a national transit strategy in a way that meets the unique and growing needs of the TTC.

We ask that your response to a national transit strategy reflect the significant infrastructural requirements of the TTC, its age, and the growth required to meet the capacity demands of growing ridership.

We also ask that any funding allocations be based on transit ridership. As noted in this presentation, we have some very real and immediate needs that we need your help with. We also need more sustainable capital investment in the TTC. A healthy, properly funded transit system is no longer a luxury for good economic times; it really is a must-do to ensure that the economy remains healthy and to ensure that people can get to work and to school.

I thank you again for allowing me to share the perspective of Canada's largest transit system. Thank you very much for your time.

I am prepared to answer any questions you may have.

The Chair: Thank you very much.

Ms. Chow.

Ms. Olivia Chow (Trinity—Spadina, NDP): Thank you, Mr. Webster. It's good to see you again.

I see that last week the prototype for your new streetcar arrived in Toronto. The federal government decided not to assist in the funding of streetcars, even though these were identified at the time as a top priority for the City of Toronto. At our committee, and in the House of Commons, I've heard from the government side that they don't want to tell the municipalities or transit authorities what to do. They want local autonomy.

Perhaps you can describe to us why you think the City of Toronto and, of course, the TTC unanimously endorse the purchasing of these new streetcars, and how, if we have a national public transit strategy and a plan is determined for that, there wouldn't have to be a lot of discussion on what should or shouldn't be funded. At this point, the federal government is telling transit authorities what they should or should not have by not funding something that is a top priority for the City of Toronto.

• (1545)

Mr. Gary Webster: The first question really is why did we recommend the procurement of new streetcars. The TTC streetcar network has 245 streetcars in its fleet, as I mentioned in my presentation. They're at the end of their useful life, and when you look at the 11 streetcar routes we operate, the ridership that we face on those routes demands a higher capacity solution than a bus system. We concluded that replacing those cars with new, modern low-floor streetcars was the right answer, and we satisfied the City of Toronto that this would be the appropriate thing to do and received approval to do it.

Subsequently, as you said, we did get a funding commitment from the Province of Ontario. The other two-thirds of that order is being borne by the City of Toronto.

I'm not sure what the outcomes of the national transit strategy hearings are going to be and what the response might be. But clearly, just this past week, we unveiled a prototype, or certainly a mockup, of a new streetcar and continue to make payments on that car. We're going to take a public report forward to our board next month, and we're going to recommend an award of a contract for a maintenance and storage facility to actually maintain those cars, because our current facilities aren't able to do so. Yet our budget is short during a period of time when we actually need to make those payments.

We clearly are in a situation where we're not sure how we are going to make continued payments on those cars, and we're not sure how we're going to pay for that maintenance and storage facility. We've done some work to suggest that if we didn't proceed with this order, if we actually wound the clock back and didn't do what we are doing, we would incur a loss of about \$450 million for the sunk costs to date. We'd have to rebuild our existing fleet in the order of about \$300 million. So we'd spend \$750 million and we'd have a fleet that would be in a state of good repair, but 15 years from now we'd be right back where we are now.

The right answer for Toronto and these routes is to buy these cars and to build a new maintenance and storage facility to maintain them. Clearly, as much as we have good support from the federal government, the Province of Ontario, and the city to fund our capital budgets, we don't have enough money in the short term to make all the payments we need to make. This issue will come to a head in the next month or so.

Clearly, we're here today to say that we need more funding, however defined or whatever we call it. This is a city that's aging and a system that's aging, and in the short term, that's our biggest need.

Ms. Olivia Chow: I would imagine that you would want to see funding in the form of the gas tax, for example, where it's predictable and locally controlled. So is that an area where you would prefer to see an expansion rather than project-by-project funding?

Alternatively, if there is a public transit strategy, all three levels of government could sit down and look at the needs of the Toronto transit system over the next 20 years, and then determine what level of government would pay for which portion, and make some kind of commitment so that there's a 20- or 30-year plan. That is part of the goal of the national public transit strategy.

Is that something that TTC and the City of Toronto support?

• (1550)

Mr. Gary Webster: If you were to ask about our preferred type of funding from the federal government currently, the gas tax is clearly our preferred source of funding. It gives us the flexibility we need to assign it to the projects that we need.

In terms of your second comment about some sort of a partnership relationship with all levels of government, clearly we would welcome that. Toronto has some unique issues facing it in terms of its age, its infrastructure demands, and the shortfall it currently has in terms of billions of dollars.

As much as we're supportive of a review of a national transit strategy, one of the issues we face is actually getting the unique needs of TTC met. Whether these needs are met in two steps by looking at additional gas tax funding and/or a unique review of the TTC, we would certainly welcome both. I say this because we face some unique issues that may or may not be addressed, should there be some formula response to a national transit strategy.

The Chair: Thank you.

Monsieur Coderre.

[*Translation*]

Hon. Denis Coderre (Bourassa, Lib.): Thank you, Mr. Chairman.

Welcome, Mr. Webster.

[*English*]

The bottom line is money, then. It's just a matter of your being given more funds, and that's it. Is there another way?

My concern is about resources. And I hear you well, that you have one problem with the existing infrastructure and have to replace the fleet, and then you have to look forward to the future because you have other problems with congestion and all of that. Are there any plans for that by your organization, or is it just a matter of, "Give us the money and we'll take care of it"?

If we want to build a national strategy, of course, there's a situation in Montreal, for example, where I'm from, and the same situation in Vancouver and Alberta. Because we are building a national strategy and will have a report on it, should I say by way of recommendation, "Okay, it's just a matter of money, so send them more money and they'll take care of it?" Or do you have something more specific than saying that we should provide the funds and you'll take care of it?

Mr. Gary Webster: I don't expect that you're going to write Toronto a cheque without our being able to satisfy you that we're an efficient operator and that our needs are real. We have a 10-year capital program and we'd be happy to sit down with anybody to take them through it and demonstrate what our needs are, all the way from track replacement, whether it's streetcar or subway track signal equipment, to all the kinds of equipment that we need to maintain in the existing system.

We can demonstrate that because our signal system is aging, it should be replaced with an automatic train control system, which is a more efficient signal system and will carry more customers because the trains can be more evenly spaced. That's good bang for your buck. We can demonstrate a business need for that. The Toronto Rockets are an excellent example. They're a higher-capacity train; we're carrying more people.

We've clearly set out and can demonstrate a 10-year capital program. We can show you what our operating budget is and what we expect it to look like in two or three years from now with our ridership and the challenges we face in that area.

So clearly, yes, we're here to ask for more support. We appreciate the support we have. We clearly need more, but we can demonstrate what those needs are. We can also demonstrate that in order to minimize the impact on the funding that we currently have, we're actually taking some steps in the outer part of this decade to reduce street car orders in a way that will actually stifle the growth that's coming at us. That's not the right thing for the City of Toronto; it's not what we should be doing—

[*Translation*]

Hon. Denis Coderre: Mr. Webster, I have been on that side. I was even part of a government.

You know how things work. Funds are not the only issue, programs are also involved. The infrastructure program was put in place in 1993. At the time, our ministers even provided hands-on assistance.

Earlier, my colleague Ms. Chow talked about the gas tax. If we had to speak with the President of Treasury Board... I imagine that he is not only instrumental in the appearance of kiosks, he could also generate public transit programs.

Could we not consider a dedicated fund? Increasingly, we are seeing that consolidated funds don't work. How would you feel about a fund dedicated to infrastructure, which would within a program include a public transit fund? Would such a fund be viable and desirable, in your opinion?

• (1555)

[English]

Mr. Gary Webster: I think the answer to that question would be that it depends on the outcome for the City of Toronto. We're certainly not opposed to the gas tax funding. We're not opposed to the project funding; we've had a lot of that in the last number of years.

There are a lot of ways in which our needs can be met. There are a lot of ways in which transit systems' funding needs can be satisfied. I'm not here today to suggest to you what answer you may choose for the national transit strategy. It really depends on whether it will help meet the TTC meets its demand for more funding. We're having the same conversation with the Province of Ontario because we clearly need their support as well.

So whether it's dedicated long-term, sustainable gas tax funding—which may be part of a pool or a pool of its own—or project funding, I'll leave that to you. It really depends on whether that translates into more support than we currently have from federal revenue.

Hon. Denis Coderre: It's like Jerry Maguire now: “Show me the money”, right? Okay.

What do you think the role of a federal government should be within a national strategy for public transport? Or do you think that our role is just that of a facilitator, that we just provide some money for infrastructure and that's it? Of course, there are different kinds of handshakes from the federal government and we're always coming forward: it can be this way, or it can be that way. We understand how it works.

But do you see a role for us, because there will be a valid and legitimate question raised about jurisdiction, with cities being under the provincial acts and all of that? Do you see a role for us with a national or federal strategy?

Mr. Gary Webster: You have played a role in the funding of public transit. I might turn it around and say I think you clearly have a role in helping the big cities of Canada be more efficient. One of the biggest challenges we face in Toronto today is the slower travel times. We spend money every year putting more service on the street to carry the same number of people, because it is becoming more congested every year.

So transit is the answer to that. There's no big city in Canada that functions without a good transit system. I clearly believe this is an interest of the city, and also of the province and the federal government. So yes, I think you have a role in transit. But more importantly, if I look very narrowly at the city of Toronto, I think you have a very important interest in the city functioning in a very efficient way. It's not functioning very efficiently at the moment, and

we need your help to make it more efficient. Investment in transit is going to help that.

[Translation]

Hon. Denis Coderre: Thank you.

[English]

The Chair: Mr. Adler.

Mr. Mark Adler (York Centre, CPC): Thank you, Chair.

And thank you, Mr. Webster, for appearing here today.

I have a few questions. You mentioned that in the operation of the TTC, 70% of the revenues come from the fare box and 30% come from the city by way of property taxes and all that. That's the revenue side.

What's on the expense side? Could you break that down for me?

Mr. Gary Webster: The TTC's operating budget is in the order of \$1.5 billion a year. We receive slightly more than a billion dollars a year in revenue. The balance is met by subsidies, and that's the tax base. The first \$91 million from the provincial government in gas tax actually goes to help offset the operating budget. So we get subsidies on our conventional system from the City of Toronto in the tax base of about \$430 million.

Mr. Mark Adler: And on the expense side, what percentage goes to wages? What percentage goes to maintenance?

Mr. Gary Webster: Almost 80% of our expenses are wages. We're heavily labour-intensive, with the large bus fleets we operate.

Mr. Mark Adler: How does that compare to other major jurisdictions?

• (1600)

Mr. Gary Webster: It is comparable. We're slightly more efficient.

Mr. Mark Adler: So New York and Washington would also be about 80%.

Mr. Gary Webster: Yes. Any system with a heavy rail system like a subway is going to be less labour-intensive than a system that has only buses. I don't know Montreal's numbers. I would think Montreal would be slightly more labour-intensive than Toronto because a subway is the most efficient mode.

Mr. Mark Adler: Could you explain something to me? I'm from Toronto. I go to New York a lot and to Washington and they have wonderful subway systems. When you get on the subway in Washington or New York, for example, you go up to one of those automated machines and you put in your fare, and they have a zoning system—which Toronto used to have—and you pinpoint where you want to go and you put in the fare and out comes the ticket, and then you slide it into one of those entrance gates, and boom, you're in. In Toronto you have to line up in front of a guy who's in a booth sitting there and making change out of your five or ten dollar bill, or whatever it is. And you know about that whole PR fiasco you had a little while ago, where people were sleeping in those booths.

Could you explain why Toronto has not gone the route of the automated fare dispensing machines, as opposed to having people sitting in booths, literally just sitting there?

Mr. Gary Webster: Sure. The short answer is we are. The longer answer is that we reviewed an electronic automatic fare collection system about 10 years ago. You're quite correct. We have a very old-fashioned gravity system. It's simple; it works. It's certainly not as convenient for the customer as the types of systems you're referring to. There's no business case. There's no system in the world we know of that has made a business case to actually transfer its current fare collection system to an electronic fare collection system.

So 10 years ago when we did that work, we said we can't afford it, it's going to cost us too much money, it's going to cost us more, and we're not prepared to go there.

Mr. Mark Adler: Is it because of union issues?

Mr. Gary Webster: No, not at all. There was simply no business case for us to do it, and nobody in the world at that time had, nor currently has, a business case to actually defend why you would make that change.

Having said that, our customers want it. It's the state of the art around the world. Clearly we need to do that, and we are. We're working with the Province of Ontario through Metrolinx on the PRESTO project, and we've been involved in that for a number of years. We're bringing a report forward to our board to indicate that we're prepared to proceed with PRESTO, subject to our business needs being met. So you're absolutely right with your comments. We've been criticized for being one of the last cities of our size in the world that doesn't have that system. We understand that. It simply was a matter of money. That's why we didn't proceed. That's why we're late getting into it. We now have a good arrangement with the Province of Ontario to help us fund that, and there's some CSIF money in that as well.

Mr. Mark Adler: Okay, and I suspect there is some room in the budget to save some money. We in the government have a deficit reduction plan. We're trimming 10% from all of the different departments.

Does the TTC have any cost-cutting measures in place to save money?

Mr. Gary Webster: In the 2012 budget, we were challenged by the City of Toronto to reduce our budget by 10%. That means our subsidy is to be cut by 10% in 2012.

That's at a time when our ridership is growing at 3%, as I mentioned. In order for us to cut 10% from our budget, we first had to address the \$20 million increase in our costs by having additional ridership. The bottom line is that we had to cut \$85 million from our budget. We did that by reducing our staffing. We're going through a downsizing at the Toronto Transit Commission as we speak. We are cutting service, and we will make a fare increase proposal to our board in December.

So we are going to meet our 10% reduction. It's clearly not intuitive. Most big cities around the world would be thankful for an increase in ridership. Every small city in the world would want that as well. Clearly, we can't afford it, and some people have said that our success is killing us. It is expensive and 70% is a reasonably high revenue-to-cost ratio. We were at over 80% 10 years ago—and I won't tell you that story. But clearly we are challenged with cutting our budget. We have done so and it really is cutting our staff, cutting

service, and raising fares. So, effectively, our customers are going to get less service but pay more for it.

• (1605)

Mr. Mark Adler: Are you cutting primarily from the 20% and not the 80%? When you say 80%, are those the—

Mr. Gary Webster: There'll be fewer staff on the management side, and there'll be fewer unionized workers because there'll be less service on the street.

Mr. Mark Adler: Do I have any more time?

Is any consideration being given to going back to the zoning system?

Mr. Gary Webster: We effectively have a zoning system today. It used to be at Lawrence Avenue. It's really at Steeles Avenue now, so we have a two-zone system.

Mr. Mark Adler: Within the 416 area, is there any consideration being given to a zoning system?

Mr. Gary Webster: Not at this time, although PRESTO will give us all the flexibility we need to introduce any kind of zoning system, should we wish to do so. Fare-by-distance and any of those sorts of things are possible with PRESTO.

The Chair: Mr. Sullivan.

Mr. Mike Sullivan (York South—Weston, NDP): Thank you, Mr. Chair, and thank you, Mr. Webster.

One of the goals of a national public transit strategy is to take politics out of transit decision-making. I'm not sure whether you were around in the mid-nineties when we dug a hole in Eglinton Avenue and filled it in again. We're digging it again, this time with big boring machines.

Do you agree that having some kind of overarching strategy applied to transit decision-making to ensure that funding is transparent and not politically motivated would be a good thing?

Mr. Gary Webster: Yes. I need to answer the same way I did earlier. I think that's certainly good.

It really depends on whether it's going to be structured in a way that meets the needs of Toronto. I know that it's sometimes challenging at meetings like this to say that Toronto is the largest city in Canada and that we do have unique needs. Sometimes that's not a welcome comment.

The short answer is yes, I would certainly welcome that. I think it's very important for the federal government to have that role. I really encourage you to consider the uniqueness of Toronto in having those needs met.

Mr. Mike Sullivan: Do you believe, as Ms. Chow mentioned, that the decision by the federal government to fund certain projects and not others is hampering the TTC's ability to expand in a progressive way?

Mr. Gary Webster: We have challenges with all levels of government in the type and quantity of funding we receive. When funding comes to us from the federal government on a project basis, we do welcome it and very much appreciate it. When we add up our project funding and our gas tax funding from all levels of government and it doesn't meet our needs, then that's a problem for us. So I can't say that project funding is a problem for us. I would say that gas tax funding or the way you've provided gas tax funding to us gives us much more flexibility to apply it to whatever our project needs are.

Clearly, the answer is that in spite of everyone's best efforts to put more money into transit at all levels of government, project- or gas tax-wise, it just doesn't add up to meet Toronto's needs.

Mr. Mike Sullivan: The numbers you mentioned earlier were that you had \$7.8 billion in capital needs over the next 10 years, of which \$5.5 billion has been committed by various levels of government. What happens if that \$2.3 billion isn't found? Is this "state of good repair" capital, or is this expansion capital?

Mr. Gary Webster: What we've done is this. The approved budget is the 2011 to 2020 one of \$7.8 billion, with a shortfall of \$2.3 billion. We are in the process of working through our 2012 to 2021 capital budget and in the process of deferring some of that work. As I mentioned earlier, we are cutting our streetcar order by 15 cars, and we're not going to buy the last 10 Toronto rockets that we need. We're not going to replace the signal system on the Bloor-Danforth subway with an automatic train control system, but with a conventional system.

The short answer is no. The state of good repair will not suffer: the rails will be replaced and the signal system will be replaced. But there are opportunities to meet the growth needs that will not be met or won't be satisfied unless we get more funding.

Our challenge in the short term is to reduce that \$2.3 million shortfall as much as we can. We can't get it to zero. That goes to my comment earlier that we have streetcar payments to make and a maintenance storage facility to pay for but are not sure how that's going to happen.

No, we're not going to run an unsafe system. We never have. Things like signals and track will always be replaced. We're not going to have a state of good repair issue, but we are deferring and pushing out...and hoping that in a number of years we'll be able to buy those additional cars and replace the signal system with a proper system. Our challenge in the short term is to defer as much as we can without affecting the safety of the system.

• (1610)

Mr. Mike Sullivan: When you make a request for an expansion type of project, do you do a cost-benefit analysis that includes such things as the reduction in travel time in assessing how much efficiency and productivity will be gained by the general population?

Mr. Gary Webster: Yes, we worked closely with Metrolinx in the original city transit plan—and now with the memorandum of understanding between the mayor and the Province of Ontario. All the corridors that were considered are still in play in the plan. They were all considered in that manner. And Eglinton-Scarborough Crosstown today has a very high capacity for ridership, which is best met with a low-floor streetcar type of mode.

Yes, we do all of that work. It will increase travel times and make the congestion less on all those corridors.

The Chair: Thank you.

Mr. Poilievre.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Thank you for being here.

One of the questions I've been asking witnesses who regularly come before us on this study is this: What is the fare-box recovery rate that we should expect for a project to be considered viable?

Mr. Gary Webster: That's an operating and capital question. When we look at any project that we've proposed to meet a growth need on a corridor, such as what we're talking about now, we always project ridership demand on that corridor at the time and 20 or 30 years out. We'll always have a revenue-cost ratio in mind. It's not going to be as high today as it will be in the future with additional ridership on that corridor.

TTC's average ridership growth or revenue-cost ratio is high on a world scale. We don't set a standard by which it must be met. We don't have land use planning demands as part of that. We already know that the corridors being proposed for higher order transit are our heaviest routes and that there's a high ridership capacity on those routes.

We want to make sure that when we plan, build, and operate those services, these services will not have a negative impact on our revenue-cost ratio. We don't do revenue-cost ratios route by route. We can break that down and allocate revenue and cost by route. We do that work, and that's the kind of work we do when we look at corridors, just as you're asking in your question.

We already start with our heaviest routes and those are the routes that we put the higher order transit on. They're already our best performing routes to start with or we wouldn't recommend them.

Mr. Pierre Poilievre: My colleagues are going to be exhausted by my repetitiveness, because it's the same question I've been asking everybody. As I've said before, stockbrokers look at price-to-book and price-to-earnings ratios. In every single field, when you're measuring an investment, you have ratios that you consider to determine the viability of the investment. It would seem to me that one of them is the fare-box recovery rate. We can't be involved in micromanaging projects at a federal level, but I would think that we would want to have some basic measurements of what constitutes a good investment for us to make.

I'm wondering if you can give us even a range of what constitutes a good or a necessary fare-box recovery rate.

Mr. Gary Webster: We drove our revenue cost ratio in the 1990s from 68% to 84% as a result of raising fares, cutting service, and cutting staff. That was really to respond to a pretty bad economy in the 1990s. It was 84% then, and I think that's too high. I don't think that's enough investment for a big city like Toronto to have in transit; it means that people can't get around the city on transit.

When the official plan was brought forward in 2002, it was really a pro transit plan. We invested. We've spent a lot of money on transit in the last five or six years, and we drove the revenue cost ratio down to about 70%. I think that's a bit too low for Toronto. I think somewhere between 70% and 75% is the right answer for the city of Toronto.

It's going to vary in other cities, and in smaller cities. I think you're going to speak to Saskatoon later this afternoon. You can ask them that question. That would be an unrealistic expectation for them. Big cities like Toronto, in my opinion, should be in the order of 70% to 75%.

• (1615)

Mr. Pierre Poilievre: At the same time, even in smaller cities, some sort of standard is helpful, because there are certain jurisdictions in which public transit is simply not appropriate, as there's not the necessary concentration of population. If you tried to install a mass transit system in the Northwest Territories, it would be of no use and of great cost. In that instance, you would use the same farebox recovery rate and you would come to a very different number. That number would tell you that the investment was probably not a good one, and in the case of the Northwest Territories you would look at other investments, such as roads, heavy rail, and other things that might allow goods and people to move efficiently.

I simply think there has to be some mathematical way we can guide our investment decisions.

Mr. Gary Webster: I think in cities where the demand drives the transit decisions, it's pretty straightforward. Toronto has service standards. It's based on crowding. We don't have policies in Toronto that say you must have a bus come by every six or seven minutes. It's all driven by ridership. So in big cities it's pretty straightforward.

In smaller cities, it's really a policy issue. It really becomes an issue of whether you are prepared to spend money to serve a need. You have to determine what that need is and whether the money will be well spent. Is there a social need that's currently not being met in any other way? If transit is the answer to that, then you will not really be spending money very efficiently; but on a policy basis, that may be the right answer for that city.

For big cities like Toronto, it's pretty straightforward. The cities are more efficient with transit. So it's all driven by ridership. We all have our standards and policies related to that, and it's driven by the fact that more ridership that comes at you, the more buses and streetcars you have to put on the street.

The Chair: I have to interrupt proceedings now. The bells are starting to ring in the House.

For the information of the committee, we've had some discussion with Saskatoon and because of how late it will be when we get back, I've decided that this will be the end of the meeting today.

On Monday we will entertain witnesses again, and on Wednesday of next week we have the department coming forward.

Ms. Chow.

Ms. Olivia Chow: When are the estimates going to be before us, and the minister?

The Chair: The estimates will be on the 30th of this month.

Ms. Olivia Chow: The 30th of this month. Thank you so much.

The Chair: We've confirmed that.

Ms. Olivia Chow: And will the minister be here also?

The Chair: He will be here, yes.

Mr. Webster, we thank you for your time, and I apologize again. This is part of our regular life.

Mr. Gary Webster: Thank you very much for the opportunity.

The Chair: The meeting is adjourned.

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