House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(•) **an organization** **Organization name:** Canadian Urban Transit Association (CUTA)

or

( ) **an individual** **Name:** _____

Topic: Manufacturing and value-added processing

*Recommendation 1: Please provide a short summary of your recommendation.

The Government of Canada should financially support a Canadian urban transit research & innovation consortium. This would foster collaborative research between industry members and academia addressing technology needs, generating innovations, providing training for Highly Qualified Personnel (HQP), and increasing competitiveness of the industry in Canada and in export markets.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$10 million-$99.9 million

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

A Canadian urban transit research & innovation consortium is intended to be a national network that would require two types of funding:

The first type is for pre-competitive collaborative research, which could be funded from the Natural Sciences and Engineering Research Council of Canada (NSERC) CRD (Collaborative Research & Development). NSERC currently supports world class research with it's annual budget of $1.1 billion.

The second type of funding would be for its operations and demonstrator projects, which could be funded by Industry Canada NCE (Network Center of Excellence) program.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Canadian transit manufacturers (OEM's) and suppliers continue to remain leaders in the North American market in the bus and rail industry and in customer information systems technologies. This type of consortium would rally together the urban transit industry (OEMs, operators, system and equipment providers, SMEs), the academia and the research centers which would in turn, further support the commercialization of urban transit innovations. This initiative would also give Canada a cutting edge advantage on the international scene through exports.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

The creation of a consortium would enhance innovation within the transit industry and deliver significant economic, social, and environmental benefits to Canadians. By continuing to promote innovation, Canadian transit manufacturers and suppliers will be able to maintain their competitive edge and increase job creation in the Canadian sector. Communities and Canadian commuters would reap the benefits of more efficient urban transit solutions. Post graduate students would get their HQP training on industry lead collaborative research.

Topic: Infrastructure

Recommendation 2: Please provide a short summary of your recommendation.

Through its newly announced Building Canada Plan, the government should provide a designated quantum of capital funding that would be specifically earmarked for public transit infrastructure projects that serve the needs of communities and enhance the quality of life of Canadians.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

other: please provide your estimated amount $10 billion over 10 years

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

CUTA's recommendation does not require new funding or reallocation spending. Through the 2013 Federal Budget, the government indicated that, over the span of the next ten (10) years, it will invest $53 billion in important infrastructure projects across Canada. It also stated public transit would be eligible. CUTA recommends the government use the various funds announced in the new plan to earmark a specific $10 billion fund specifically for transit projects over the span of 10 years. This would be on top of other current eligible funding streams already available to the industry.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

1. Canadians of all ages and socioeconomic status who use public transit and other modes of transportation;

2. Municipalities from all regions of Canada that invest in public transit. Specific beneficiaries include (but are not limited to) the following:
   -Municipal governments
   -Major Metropolitan Areas; large, medium and small cities; and small and rural communities -- but particularly those most suffering from congestion
   -Local Businesses and industry
   -Transit manufacturers/suppliers -- a significant manufacturing and job-creating base

3. Provincial/territorial governments

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Access to public transit increases employment opportunities for millions of people across the country by linking them to jobs. The industry itself generates nearly 80,000 jobs and can continue to sustain and create other high quality jobs with more investments.

Investments in public transit reduces traffic congestion and increases Canada's productivity -- $10 billion annually. This economic benefit results in more competitive cities that attract new investors.

Public transit investments also significantly help cash strapped communities maintain their vehicles and plan expansion projects.

Topic: Infrastructure

Recommendation 3: Please provide a short summary of your recommendation.

The newly announced indexation of the Gas Tax Fund (GTF) should fully apply the 2% annual increase to match inflation over the long-term, rather than mitigating inflation through the current proposed formula of applying it in $100-million increments as mentioned in the "Economic Action Plan 2013 Act, No. 1" (Bill C-60).

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

other: please provide your estimated amount +$500 million over the span

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

As stated in The Economic Action Plan 2013, presented by the Minister of Finance, it is proposed that the Gas Tax Fund (GTF) be increased by 2% annually, with increases to be applied in $100-million increments. The current approach will inaccurately address the 2% objective, as over the long term, a gap would creep in: providing cities and communities with $21.8 billion over the span of 10 years through the $100 million increments, as opposed to $22.3 billion achieved through a straight 2% indexation -- a difference of more than $500 million.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

1. Cities and communities from every corner of Canada that depend on predictable, long-term funding for public infrastructure.

2. Public transit systems across to country that depend on federal funding to maintain their equipment and to expand their services to better serve our communities.

3. Canadians of all ages and socioeconomic status who currently use public transit as a way to maintain and improve their quality of life and future public transit riders - as a result of expanded and improved services.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Municipalities and their transit systems could use the additional $500 million raised over the 10 year period through the indexation of the GTF to help deliver quality services to Canadian citizens. This extra amount could help transit systems maintain their fleets and expand services for citizens ($500M = approximately 1,000 new buses). These investments would also help create spin-off employment in manufacturing, construction, research & development, and other professional services.

Please use this page if you wish to provide more explanation about your recommendation(s).

KEY CONSIDERATIONS:

The Canadian transit industry generates $12 billion in economic benefits annually;

The Canadian transit industry sustains close to 80,000 jobs;

The cost of traffic gridlock to our economy is estimated at $10 billion a year and rising;

The average Canadian commuter spends 32 work days a year commuting for work;

Transit ridership growth is outpacing Canada's population growth;

Changing Canadian demographics (such as aging) are leading to a proportionally higher reliance on transit;

94 % of Canadians believe public transit is important to their community;

Transit use can reduce vehicle operating costs (e.g. fuel, maintenance, insurance, etc.) for Canadian households by eliminating one car per household. Up to $8,868 in savings a year per household;

Transit helps to reduce greenhouse gas emissions and improve air quality by helping to move people with fewer vehicles, less energy consumption and with less land consumption than private vehicles;

In 2011, provincial governments contributed more than 70 per cent of transit capital while the federal government provided 13 per cent, with municipalities covering 17 per cent.

*Please note that at least one recommendation must be provided