

Making the Case for the GTTA: The GTTA is Needed Now

November 2005

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Executive Summary

The Greater Toronto Area (GTA) and Hamilton desperately need a solution to gridlock. Chronic under-investment in infrastructure over the years has resulted in inadequate transit service in some areas, increasing car dependence (approximately 72 per cent of GTA commuters travel to work by car each day) and longer delays in the movement of goods.

The Toronto Board of Trade strongly urges the province to move ahead with establishing a Greater Toronto Transportation Authority (GTTA) for the GTA and Hamilton that would help to reduce gridlock and enhance quality of life in the region. This paper restates our 2003 position that outlines the case for creating the GTTA and some of its key features, including:

- Legislative authority to plan, prioritise, coordinate and finance projects across the region;
- A clear transportation plan to focus investment and prepare for future growth; and
- Availability of a range of financial tools to allow the Authority to meet its objectives.

Restating the Case for the GTTA:

Rising transportation demand in the GTA is the result of economic development, rapid population growth and land-use planning changes. Over the past decade, however, infrastructure investment has not kept pace with the growth in demand. As a result, traffic congestion has become a daily limitation to getting around and doing business in the region. Our transit systems are running at full capacity during rush hour and, unfortunately, do not offer an attractive alternative to driving. Without significant improvements to our current transportation system, the region's gridlock challenges will soon become a competitive disadvantage and negatively impact our quality of life.

When the province announced in 2003 that it would establish a GTTA to manage the growth of the region's transportation system, there was widespread support from Toronto area businesses. Transportation affects all municipalities and area residents. The proposed Authority would have been a first step towards reducing congestion, ensuring a cleaner environment and providing a more efficient flow of goods and services to improve our quality of life and economic competitiveness. It has been almost three years since that platform commitment was first made. Where is the GTTA?

The Toronto Board of Trade strongly supports establishing a GTTA for the GTA and Hamilton, especially because traffic gridlock has been cited as one of the top three concerns of our nearly 10,000 members for the past few years. The ability of businesses to operate in and around the Toronto region and the vitality of the economy is dependent upon regional transportation. To help the provincial government break the stalemate in its development process, the following are three key actions that we believe must be taken to successfully address our transportation issues:

Action 1: Immediately Establish the GTTA as an “Implementation Vehicle”

We recommend that the government begin by establishing the GTTA as an implementation vehicle with a range of responsibilities to address the GTA and Hamilton’s unique transportation challenges. Specifically, the GTTA would have the legislative authority to:

- a) Strategically plan, prioritise and coordinate new transportation projects across the region.
- b) Finance capital infrastructure expansion throughout the region by using a number of tools, including borrowing capability and raising revenue.
- c) Enter into arrangements with the private sector at its own discretion to deliver and meet its mandate and objectives.
- d) Work with existing local transit authorities to help integrate the numerous systems and to ensure that future growth of the transportation system through all modes is as efficient and user-focused as possible.

We recommend that the GTTA be governed by a small Board of Directors with a wide range of expertise from both the private and public sectors. This board should have strong public accountability provisions to ensure that the Authority’s operations are in the best interests of the public and provides improvements that would benefit the entire GTA and Hamilton region.

Action 2: Finalise and Release the Comprehensive GTA-Hamilton Transportation Plan

A comprehensive transportation plan is necessary to prepare for the region’s population growth, manage urban sprawl and focus government investment on the highest priority transportation projects. We know that a regional transportation plan has been drafted however it has not been finalised. This should be done immediately.

Action 3: Engage the Private Sector to Fill the Widening Infrastructure Gap

The Toronto Board of Trade believes that the private sector can play an important role in providing public infrastructure. When structured properly, there are clear benefits to having private sector involvement. Some benefits include the sharing of risk, faster delivery of infrastructure and lower overall project cost.

As the transportation infrastructure gap is growing quickly, private sector investment must be part of the equation, as governments cannot (or will not) do it alone. Some substantial portion of the public’s need for infrastructure is going to have to be provided by the private sector, or it won’t be provided at all. The GTTA could be the single entity to coordinate and facilitate private sector involvement in capital projects.

It is hoped that the GTTA will be legislatively empowered to enter into any contractual arrangements, as it deems appropriate, for the provision of goods and services required to accomplish its objectives.

Recognizing that the province faces a number of challenges in the development of the GTTA, the Toronto Board of Trade offers suggestions in three key areas.

Governance Structure

An effective governance structure for the GTTA could be a 13-member Board of Directors that is balanced with representation from both the private and public sectors. For example, one representative could be named by each of the regions – Toronto, Durham, York, Peel, Halton and Hamilton – with the remaining seven members of the Board recruited for particular skills and expertise from the private sector.

It is important that the Board of Directors adhere to strict codes of conduct and conflict of interest guidelines. In particular, members of the board should act in the interests of all residents of the GTA, where some decisions may override or supersede the interests of one particular region over another.

It is imperative that the new GTTA Board not resemble the Greater Toronto Services Board (GTSB) of the 1990's. Its key failing was the composition of its Board that allowed direct political representation, which hindered the organization's ability to make decisions.

A successful GTTA that will work for our future needs requires an emphasis on the bigger picture and a vision for integrated regional transportation that looks beyond municipal boundaries and transportation modality. Each municipality will have more to gain in the long run if transportation is addressed on a regional basis. The GTTA should be legislatively empowered to implement this long-term vision so that GTA and Hamilton residents and businesses can see progress and benefit from it.

We believe that the GTTA should be highly accountable to the public. Thus, it should release an annual financial statement and business plan to keep the public apprised of its activities. The Authority's performance should also be audited on a regular basis.

Planning

Land-use and transportation planning are inextricably linked. Given the large costs of transportation infrastructure and the need to have efficient transportation as a key to a healthy regional economy, land-use planning must take into account both the existing transportation infrastructure and the cost of establishing new infrastructure.

While we believe that municipalities should maintain their land-use planning powers, it would be helpful for the GTTA to have an advisory role in planning along the rapid transit corridors and around the stations to build density and support the transportation investment.

Financing Tools

The GTTA requires predictable funding to support its activities. Dedicating a portion of the existing federal and provincial fuel tax to the transportation authority would provide a stream of stable funding for long-term transportation planning and expansion needs. Quebec and British Columbia have dedicated a portion of their gas tax to support the Montreal and Vancouver regional authorities.

Meeting the growing infrastructure needs of the GTA and Hamilton region will require involving the private sector in some capacity. The GTTA, as one multi-jurisdictional decision-making body, would facilitate the participation of the private sector both in terms of capital and ideas better than the current process where the private sector must deal with multiple governments and departments. More importantly, private involvement must be matched with adequate transfer of risk to the private sector to protect the public interest.

Tax-increment financing could also be an option to develop specific lands along a transit corridor.

Missing a Golden Opportunity

There is agreement across the GTA municipalities that the status quo is not sustainable and a solution must be found to address the region's transportation issues. The Board believes that the government is missing an opportunity to capitalise on this widespread support. In the meantime, some alarming figures have been publicized:

- Traffic congestion and gridlock has worsened, costing the regional economy an estimated \$1.8 billion per year (Central Ontario Smart Growth Panel). In fact, there is now two-way gridlock for commuters going into the city of Toronto and into the GTA;
- Population in the GTA and Hamilton continues to grow. Current projections estimate that 7.45 million people will be living in the region by 2031. It is estimated that the GTA regions will grow faster than the city of Toronto, which will further add to our gridlock;
- Current levels of infrastructure maintenance cannot keep pace with the rate at which it is deteriorating. For example, the city of Toronto has literally been living on public infrastructure built between 1955 and 1975. Recent figures from the City of Toronto indicate that there is an unmet need of \$300 million in 2005 for its roads and bridges; and
- While the federal and provincial gas revenue sharing provides municipalities with some funding to improve infrastructure, there remains a large funding gap due to the protracted under investment over the decades. For example, the TTC requires \$472 million a year to meet its state-of-good repair requirements and is expected to receive an average of \$263 million each year over the next five years from senior governments. However, there remains a shortfall of about \$210 million. These figures do not take into account capital requirements for ridership growth and system

expansion. Other transit authorities around the GTA are also facing funding challenges to meet growing demand.

We need a GTTA immediately to effectively deal with the capital expansion of our regional transportation system to ensure the efficient movement of people and goods.

In particular, public transit in the GTA poses several unique challenges for municipalities in terms of cost, time horizons, interdependences and externalities that would be better addressed through a regional or inter-jurisdictional approach. Without a regional transportation authority, the numerous local transit providers will continue to operate independently in a competitive and ad hoc fashion that does not adequately address GTA-wide congestion. Also, it would be difficult to assess whether transit funds are being applied to the highest value project that serves the wider population of the GTA and Hamilton region.

Conclusion

While the new federal and provincial gas tax revenue sharing has provided municipalities with some funding help, our regional transportation system will remain disjointed and poorly integrated without a body to prioritise transit infrastructure projects and coordinate transportation investment across the GTA. Other urban regions in Canada have successfully implemented regional transportation authorities, including Montreal and Vancouver. There is no question that the Greater Toronto Area and Hamilton need one as well and need one immediately.

We believe that the GTTA is crucial to the success of transportation initiatives across the GTA and Hamilton. A well-funded and legislatively empowered authority would benefit the region in numerous ways. If the government is able to adhere to the fundamental principles on which the concept of the GTTA was based upon, we may be able to break the gridlock and develop a working model to deal with the growing need for more transportation infrastructure. In this case, a model sooner is better than a perfect model later.