

Preserving the Vital Link

Ensuring New Transit in Toronto Remains Safe, Reliable and Cost-Effective

Metrolinx, a provincially funded and appointed government agency, is working with the City of Toronto to build four new Light Rail Transit (LRT) lines. This plan is part of a long-term provincial goal to expand transit in Southern Ontario. The Plan – called The Big Move – is being coordinated by Metrolinx and through them the Ontario government is contributing \$8.4 billion to the Toronto LRT expansion. All four new lines (totalling 52 kilometres) are scheduled to be completed by 2020; they are:

- The Eglinton-Scarborough Crosstown LRT from Black Creek to Kennedy Station;
- The Scarborough RT replacement and extension to Sheppard Avenue;
- The Finch West LRT from the York-Spadina Subway to Humber College;
- The Sheppard East LRT from Don Mills station east to Morningside Avenue.

In the Fall of 2012, Toronto City Council ratified an agreement between the Toronto Transit Commission and Metrolinx which gives, Metrolinx much of the control over these LRT projects – this includes who will maintain the new lines. The TTC has agreed they will operate the new lines, but maintenance of the lines and whether this work will be contracted-out and privatized remains an outstanding key question. What is clear is that Metrolinx will seek a Design-Build-Finance-Maintain model, which includes ‘alternative’ financing and procurement. These terms are often code for privatization and corporate involvement, which in other parts of the world has resulted in dramatic consequences for workers and the public.

Currently, CUPE members at Local 2 perform the safe and reliable operation of signalling, electrical, overhead and communications functions associated with TTC operations.

Metrolinx – an unelected body – has a great deal of control in deciding who ultimately will oversee and perform the maintenance on the new lines. If a new private company were selected to maintain the LRT Lines, can the public be sure the operation will remain safe, reliable and cost effective?

Privatization – worth the risk?

In London, England the City was subjected to one of the worst examples of a privatization of a public service known when parts of their subway – the London Underground – were privatized in a complicated and disastrous scheme.

The London Underground plan was for infrastructure companies called ‘Infracos to take over the transit systems infrastructure for a 30-year period and spend an estimated £13 billion (\$20.7 billion in Canadian funds) over the first 15 years to maintain, upgrade and repair the system and make their money back over the last half of the scheme. Following the contract, transit assets would have returned to public ownership/operation.¹

The result was, like Toronto, the London Underground² would continue to deliver operation of the lines and trains under the authority of Transport for London (TfL). Three consortiums made up of groups of companies were contracted to run specific Underground lines. The Consortiums operated under respective names Tube Lines (first to sign agreements in December 2002) and Metronet (two agreements signed in April 2003).³

Metronet was the first consortium to fail, in 2007. Following the collapse the U.K. Parliament's Transport Committee investigated and published a report on the spectacular failure they stated, "[t]he circumstances of Metronet's end have shown that the private sector will never wittingly expose itself to substantial risk without ensuring that it is proportionately, if not generously rewarded. It is ultimately the taxpayer who pays the price."⁴

Much the same as Metronet's collapse, the other group of companies involved in the P3 maintenance contracts, Tube Lines, fell apart in 2009. Maintenance for the London Underground would be put back into public hands again, albeit at great cost and difficulty. The protracted fight drew a close to the multi-billion Pound privatization.

Metronet fell apart over a fight about money with the public bodies overseeing the contracts, which led the London Mayor Boris Johnson to assert the P3 was "daylight robbery". Johnson also claimed the consortium would have profited £400 million in management fees by 2017 under the deal – money which would be saved if Tube Lines was brought back into public hands. Johnson added to his criticisms by saying, "In other countries this would be called looting, here it is called the PPP."⁵

These deals became so complicated that an independent PPP arbiter was eventually created to deal with disputes between the public funders and private companies. The hundreds of millions in public funds and the conflict associated with these deals and others like it made the cost of the London Underground P3 privatization experiment too great.

What can we do?

The Toronto LRT project is far from over. Even six-months after the signing of the Master Agreement for the projects, Toronto City Council again was debating subways versus a LRT in Scarborough. Toronto residents need to let Metrolinx and the Government know that the whole of the TTC needs to be kept public and reliable. Toronto cannot afford to repeat the costly mistakes from London. In addition to the public price tag, what guarantees do we have the new system will be as safe?

We are asking people to sign on to postcards supporting public transit and write their City Councillors in Toronto and Members of Parliament.

Notes

1. BBC News. VOTE 2001 FACTS The London Underground. Thursday May 3, 2001. http://news.bbc.co.uk/news/vote2001/hi/english/main_issues/sections/facts/newsid_1304000/1304573.stm
2. London Underground is the 'subway' system in London and under the authority of Transport for London, or TfL (<http://www.tfl.gov.uk/corporate/about-tfl/4510.aspx>)
3. PPP Arbiter; The PPP Agreements. <http://webarchive.nationalarchives.gov.uk/20110218141057/http://ppparbiter.org.uk/output/page13.asp>
4. Transport Committee Press Notice – UK Parliament. The London Underground and the public-private partnership agreements (HC 45). Session 2007-08; January 25, 2008. Press Notice No. 12. <http://www.parliament.uk/business/committees/committees-archive/transport-committee/trans07-08press-notice12/>
5. Jameson, Angela. Mayor brings Tube Lines back into public hands. Times Online. May 7, 2010. http://business.timesonline.co.uk/tol/business?industry_sectors/transport/article7118759.ece & Milmo, Dan. Boris Johnson told he must plug £460m tube funding gap; Arbiter of public-private partnership rules that London Underground contractor Tube Lines should not have to make up shortfall in budget. The Guardian, Wednesday 10 March 2010. <http://www.guardian.co.uk/business/2010/mar/10/tube-lines-tfl-funding-gap>