

## TTC's Big Move – The Wrong Direction for Toronto?

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Currently in the Greater Toronto Area our public transit is being reshaped and there is an ongoing discussion about who will fund and operate our systems and their expansion. There have been lengthy debates in Toronto about whether or not to build subways or light rail (LRT) where the new lines should go. The provincial agency Metrolinx and its plan for transit expansion – The Big Move – will result in one of the largest infrastructure investments ever seen in the province.

What this means for Toronto is an \$8.4 billion LRT system, which will move the residents of Toronto in a fast efficient way. This will be a transformative project and is long overdue. Now that the LRT plan is underway, Toronto needs to continue the conversation on our vision of the project before it's too late and ensure all operations are public. Metrolinx 'partners' on the LRT project, could include private companies which will finance and operate the infrastructure for the lines. What we are most concerned about is who will maintain this critical infrastructure once it becomes operational. The TTC has secured a ten-year agreement for the driving of the vehicles – why won't Metrolinx have the maintenance done by the TTC as well?

Contracting with a separate entity for our transit system raises serious concerns about how safety standards will be maintained as well as any deal would represent a fair value for taxpayers. Why would Metrolinx entrust another company to look after the LRT lines, when the TTC already handles most other aspects of the system? Our concerns are practical ones. Highly skilled electricians and technicians make certain that our streetcars and subways run safely every day – how would introducing more lines of communication and coordination needed with another company improve the safe operation of these lines?

There is another factor as to why contracting-out the maintenance of the LRTs is not a good idea. What we have learned from other jurisdictions is that private transit is not a good use of taxpayer money. All over the world there are examples of governments and public transit authorities which have had to rescue transit operations from financial issues, service problems or maintenance issues. The example which seems to most closely resemble Toronto's is the spectacular failure the London subway system experienced. Some of the details included:

- One consortium selected for work on the system only delivered on less than half of station upgrades in the first part of the agreement and the cost of station work rose 375% over the anticipated costs.
- Disputes over the cost of work led to the second consortium to collapse and saw the public transit authority buy it back at a cost of over £300 million Pounds.
- Upon the second collapse, Conservative London Mayor Boris Johnson mused that these deals could have been called “looting” in other countries.

Toronto has an opportunity to learn from others mistakes and keep maintenance the responsibility of the TTC and its qualified workers.

The citizens of Toronto and the riders of the TTC need to let Metrolinx know that they want a safe, reliable and affordable new LRT system. Contact the Metrolinx Board and Chair Robert Prichard and CEO Bruce McCuaig and tell them to keep the TTC accountable and reliable – keep it public.

## TTC's Big Move – in the wrong direction?

Accessible, affordable, and well-organized public transit systems are essential to moving our communities. This is particularly true for urban centres where this critical infrastructure contributes to all aspects of a community's success – nowhere is this more evident than in Toronto. Public transit contributes to our economic success by getting people to work on time and reducing our notorious gridlock as well as providing a safe and efficient way to travel to many parts of the City. The addition of the light rail transit (LRT) lines is a welcome and much-needed addition. It will allow our system to reach far into parts of the City which have been growing and remain underserved. Our TTC has provided this quality service since 1921, but increasingly there has been a push to consider alternatives to public operation, maintenance and delivery of system expansion.

In the recent agreement the TTC and City have signed with provincial partner Metrolinx, it is not clear that the strong tradition of a public transit operator will continue in Toronto. The trio have only agreed to the TTC operating the new lines for the first 10-years and will allow the important role of maintenance to be contracted out. Operating the maintenance services on these new lines is technical work which ensures the safe and effective running of these lines. There are many places to look around the world where there have been severe consequences when publically accountable Boards and governments have lost control over our transit systems.

The state of our public transit systems is not where it needs to be. In Toronto, the most robust system in Canada, commute times are the longest in the country – an average of 33 minutes, with a quarter of commuters reaching 45 minutes or more. Nationally, those who utilize public transit face the longest commutes – 44 minutes compared to half that for those using their vehicles.<sup>i</sup> There is little incentive for people to park the cars. Public transit has been inadequately funded by both provincial and federal governments for years. This has led to a situation where 'alternative service delivery' and financing schemes or public private partnerships – both are code for privatization – are being utilized for the delivery of new projects. In the past, these types of schemes have contributed to driving up project and operating costs to taxpayers. Metrolinx projects associated with 'The Big Move'<sup>1</sup> are using the aforementioned private funding and delivery methods.

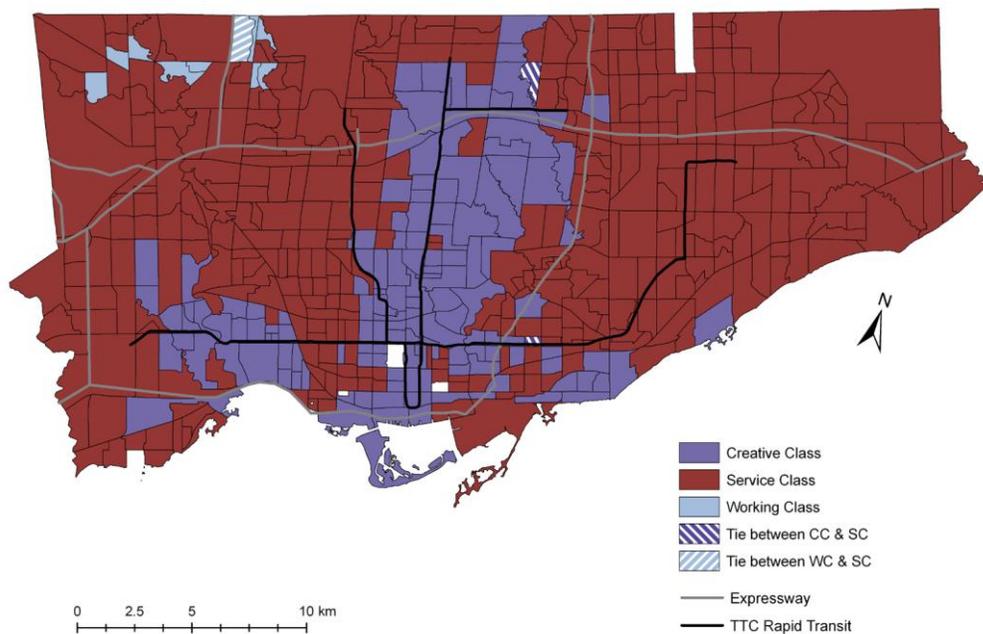
Public transit across the country has a difficult time securing funds for operation and expansion. In Ontario, the recent trends can be traced back to the 1990's when subsidies dried up at the same time ridership was increasing. In the fall of 2012, the TTC compared their \$0.87 subsidy per rider to other North American transit systems. Montreal was the next lowest comparator with a subsidy per rider at \$1.28 – still over \$0.40 higher; York Region's transit system subsidy per rider is over \$5; New York is at \$1.25 and Los Angeles at \$4.16.<sup>ii</sup>

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<sup>1</sup> The Big Move is a massive plan by provincial agency Metrolinx to expand transit options in the Greater Toronto and Hamilton region; more information can be found here: <http://www.metrolinx.com/thebigmove/en/default.aspx>

Appropriate funding and transit expansion are important to every major centre in the province. Access for people to get to work dependably and for families to meet their needs like grocery shopping and getting to the community centre or library are critical to cities and towns. In Toronto, the Martin Prosperity Institute (at the University of Toronto) examined where the “service class” lives in the city based on census tracts; one of the key questions asked was access to transit<sup>2</sup>. Out of the three classes defined and examined, the service class is the most prevalent in Toronto, as detailed in the map below.

**Dominant Class – Place of Work**



Map by Zara Matheson, Martin Prosperity Institute; Data Source: Statistics Canada

Service class jobs are spread across the city and include a wide variety of businesses and work. Many of these workers are likely part-time and they may have to work several positions to achieve their needs. The classification of service work is also well known to have lower union density and wages. The study points out that people in service class positions are more likely to use transit based on wages alone – they earn an average of \$46,000 versus the \$75,000 the “creative class” earns, however, service workers have less access to the quickest transit options. For example, only 21% of service-dominated tracts are within 500 metres of a subway versus 65% for the “creative class” of jobs.<sup>iii</sup>

This is another piece of evidence reinforcing the decision and need to expand rapid transit into other areas of the city – something the LRT plan does. However, the quality, reliability, affordability and safety are all critical issues for riders. Given the evidence from other jurisdictions, these issues are best managed and operated by the publicly-accountable TTC.

<sup>2</sup> The Institute breaks down work people do into three categories or classes: creative (doctors, artists, teachers etc...); service (police, sales, food etc...) and working class (drivers, carpenters, production etc...).

The case to keep the transit operation and maintenance public is strong, as private lines and systems still have costs to the public. There are increased costs to cities for monitoring, administration, and enforcement of these complicated deals – all of which are significant. There are also direct costs to transit riders, like fare hikes, reductions in the frequency of service, and safety concerns. Also, municipalities, due to good credit ratings and have the ability to access cheaper loans and borrowing options which private companies do not have access to finance projects.

Cities that contract out wind up losing in the end, paying cost overruns, and spending taxpayer dollars to monitor, administer and enforce these P3 or AFP/D projects. Contracting out transit does not offer protections to cities, who will have to pay the price no matter what to keep the service running.

All over the world there are examples of private transit going wrong. In the U.K., Australia and even Canada, there are vivid examples of how privatization has cost the public. Whether it is commuter overland rail, underground subways, ferries, buses or light inner-city rail lines, when profit-motivated private interests operate aspects of public transit systems, the public will pay. Transit expansion in Ontario is desired and much-needed, but in order for it to operate at the level expected, it should be maintained, operated and owned publicly.

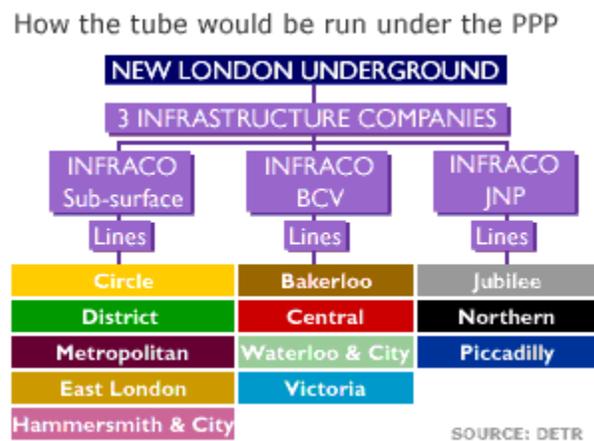
## **The London Underground Privatization**

In a complicated and ultimately disastrous scheme, the London Underground went through one of the worst examples of privatization. Through the first decade of the 2000's the Federal Labour government pushed through a system that saw the takeover of parts of the system by multi-national consortiums only to fail and leave taxpayers and local government with the fallout costing them dearly. This privatization is especially instructive for Ontario' Big Move, as maintenance was a component of the London deal.

The genesis of the privatizations came out of a Labour government promise that much of the Underground infrastructure was outdated and in need of repair. The BBC wrote in 2001 federal election coverage, "...the Underground remains one of the most expensive over-used and underfunded urban transport systems in the world." In 2001, it was estimated that the system needed an immediate injection of £1.2 billion and £400 million a year thereafter to make the system work. The federal Labour government, blaming a history of "chronic underinvestment" decided to move to a P3 model after rejecting a Conservative plan for outright privatization. The plan was for Infracos (or infrastructure companies) to take over the transit systems infrastructure for a 30-year period and spend an estimated £13 billion 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.<sup>iv</sup>

London Underground entered into three agreements in 2002/03 for the maintenance, renewal and upgrade of the subway infrastructure. London Underground<sup>3</sup> would continue to deliver operation of the lines and trains under the authority of Transport for London (TfL) – a deal which seems to resemble the agreement for the Toronto and Ottawa lines. In Toronto, the TTC will continue to operate the vehicles, while maintenance is at risk of contracting-out. The diagram below details the three consortiums that 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).<sup>v</sup>



From: [http://news.bbc.co.uk/news/vote2001/hi/english/main\\_issues/sections/facts/newsid\\_1304000/1304573.stm](http://news.bbc.co.uk/news/vote2001/hi/english/main_issues/sections/facts/newsid_1304000/1304573.stm)

Metronet or Infraco BCV and sub surface or SSL was made up of companies:

- Balfour Beatty
- WS Atkins
- Thames Water
- Seeboard
- Adtranz
- Bombardier
- EDF

Tube Lines or Infraco JNP was made up of companies:

- Amey
- Bechtel-Halcrow
- Jarvis

<sup>3</sup> 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>)

As the P3 moved ahead, the scheme's pro side touted private sector involvement as positive citing government accountants alleging it could save £3 billion. On the con side, the Liberal Democrat Party, economists and academics wondered if the plan would achieve those savings. Perhaps the most ardent opponent of the plan was London Mayor Ken Livingstone. The Mayor had been critical going back to his successful 2000 campaign, arguing for a public system. Many of the concerns focused on safety and the lack of control the public TfL had over the maintenance schedule – TfL head Bob Kiley, called the plan “fatally flawed”. Adding to the safety concerns was the involvement of Balfour Beatty, as they were under investigation for their role in the 2000 Hatfield train crash.<sup>vi</sup>

The disputes on these deals continued, eventually leading to TfL launching a judicial review of the federal government's P3 plan. TfL head, Kiley claimed the P3 did not meet the Mayor's duties as the system would not be safe or integrated.<sup>vii</sup> Despite all of the debate and fighting, internal reports warning against the schemes and a negative history of privatization in the rail sector, Gordon Brown (then Finance Minister) and the Labour government imposed the schemes in 2003. Eventually, a separate office – the PPP Arbiter – was established under the Greater London Authority Act and the office began at the same time as the Tube Lines contract. The Arbiter's sole role was administering disputes between both sides of the PPP parties.<sup>viii</sup>

### ***Metronet - Four Years to Failure***

The Infraco Metronet was the first to fail. In July 2007, the company went into administration (Ernst & Young were tapped to operate the company) following a ruling by the PPP Arbiter. Metronet was claiming it needed cash - £550 million - and would not survive without the public injection. The Arbiter decided it would only get £121 million from London Underground. As a result of the gap and subsequent administration all parties suffered. Metronet was responsible for £17 billion of Underground work.<sup>ix</sup>

The fallout was significant. The traditional arguments in favour of P3's in terms of shifting risk to the private sector were not true. TfL, the public transit body, had guaranteed 95% of the £2 billion Metronet debt which Metronet shouldered. TfL also had to find money to pay for the administration process – a cost of £20 to £30 million per week. Adding insult to injury the bonds, now up to the public to pay, were at commercial rates, higher than any public plan would have cost to finance. Perhaps the most astounding detail was the finding by the government's Public Accounts Committee, which found the P3 contracts had cost £455 million in fees to put together – more than the equity Metronet shareholders contributed.<sup>x</sup>

The legacy Metronet left when the deal was done was poor management and cost overruns of £750 million (according to the Office of Rail Regulation); press reports indicating some responsibility for a 2007 train derailment on the Central Line; and alleged insider dealings regarding contracts given to members of the consortium. Thames, Balfour Beatty, EDF, WS Atkins and Bombardier were all given pieces of the infrastructure work on the lines. At the time of the collapse, it was unclear how those contracts would be met.<sup>xi</sup>

Following the Metronet fallout, the U.K. Parliament's Transport Committee investigated and published a report on the spectacular failure entitled *The London Underground and the Public-Private Partnership Agreements*. The Committee made their feelings clear about Metronet stating, "[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." In concrete terms, the findings showed Metronet only delivered on 40% of station upgrades in the agreement in the first three years; the cost of station work rose 375% over the anticipated costs and by November 2006, only 65% of track renewal had been completed. The committee made four recommendations:

- "The Government must not allow this blurring between the roles of shareholder and supplier in future bids to carry out work by the private sector.
- The Government should not enter into any further PPP agreements without a comprehensive and accurate assessment of the level of risk transfer to the private sector.
- The Secretary of State should make a full assessment of the additional costs that have been incurred as a result of the failure of Metronet and then tell the House what proportion of these costs are to be met by central Government and what proportion she expects residents of London and Tube passengers to pay.
- The Government should bear the Metronet debacle in mind if and when its parents companies next come to bid for publicly-funded work.<sup>xii</sup>

## ***Tube Lines – Privatization Failure Complete***

Much the same as Metronet's collapse, the other Infraco involved in the P3 maintenance contracts, Tube Lines, fell apart on a PPP 3 Arbiters ruling in 2009. Maintenance for the London Underground would be put back into public hands again, albeit at considerable cost and complexity. The protracted fight drew a close to the multi-billion Pound privatization.

In a similar decision to Metronet's, the PPP Arbiter rejected a request by Tube Lines for additional money. The Infraco requested £5.75 billion (originally £6.8 billion) to complete the next schedule of work from 2010 through 2017. The Arbiter came back with a decision of around £4.4 billion. TfL continued to argue the work should only cost £4 billion, still leaving a shortfall.<sup>xiii</sup> The conflict between the two parties was exhibited in exchanges between London Mayor Boris Johnson (who was first elected in 2008) and Tube Lines Chair David Begg. The Mayor asserted the P3 was "daylight robbery", prompting Begg to accuse TfL (headed by Johnson) of uncooperativeness and attempting to shut down the P3. 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."<sup>xiv</sup>

The life of Tube Lines was brought to a close in May 2010, when it was announced London Transport/TfL would buy the company's shares, thus bringing the remaining private operations back into public hands.<sup>xv</sup> The deal was worth £310 million and Tube Lines would become a subsidiary of TfL. Members of the Infracore received the proceeds of the sale; Amey got £206 million for its two-thirds share and Bechtel received £103 million. Bechtel remained involved for a short time during the handover of operations; however, Amey continued to perform work on three lines due to existing contracts.<sup>xvi</sup> TfL, a financially strapped organization, was questioned on how it would be able to afford the buyout; Mayor Johnson cited it would cut management fees (especially considering it would no longer be paying a private company for that service) and reschedule the debt at better rates.<sup>xvii</sup>

In addition to the added layers of bureaucracy, undone work and cost to the taxpayer, workers in the system faced de-stabilization through the privatization and then back to public ownership. Both the Metronet and Tube Lines failures effected job security, opened up additional out-sourcing risks and left workers' pensions in question, and throughout the entire process job loss/cuts were always a concern.<sup>xviii</sup>

In an era where privatization is being considered for expansive projects in 'The Big Move' this is the most cautionary of tales. The City and its taxpayers were left to cover the enormous costs and work associated with these projects. In these deals the private companies did not live up to the agreements and in some ways still benefitted. These are not mistakes anyone would want to see repeated in Waterloo, Hamilton, Ottawa or Toronto.

## **Australia – Private Transit Costs More and Delivers Less**

Australia has several examples when it comes to transit privatization, but Melbourne and Sydney provide some of the most well-known examples. In Melbourne, commuter and inner-city transportation is private and is a good comparison to Toronto. In Sydney, there is a collection of privatized bus systems, which has left users stranded and frustrated with the experience.

## **Melbourne**

The Melbourne metropolitan train network includes 215 stations and 15 lines; on average, 415,000 people utilize the system daily. The system is a metropolitan rail service, which operates 203, six carriage trains on 830 kilometres of track.<sup>xxix</sup> Currently, key indicators of performance measured by Public Transport Victoria are improving, but have yet to achieve or eclipse the highest marks. Punctuality was at 89.9% in 2011/12, which is an improvement of 4.1% from 2010/11, but has yet to reach the high of 95.6 in 2001/2.<sup>xxx</sup> Overall, customer satisfaction also improved on the metro train network to 66.8 in 2011/12 from 64.2 in 2010/11 (out of 80).<sup>xxxi</sup> The system has a history of privatized operation dating back to the 1990s; some familiar criticisms are also part of the systems history.

The City has a history of dissatisfaction with private operators. Prior to the current operator, Connex (which became part of Veolia) was the operator of the train system – eventually, service issues were highlighted, which may have led to decision to replace them. As one press report stated, “[t]he decision to oust Connex is likely to be warmly greeted by train passengers who have become increasingly infuriated with late, overcrowded and cancelled services across the network.” Connex was marred with lateness issues and in 2009 had \$11 million clawed back by government following 2.8% of all train service being cancelled.<sup>xxii</sup>

Adding to the service issues in 2006, it was reported the experiment was costing taxpayers more and users were getting less. One analysis completed by Australian transit experts concluded that the public was paying \$1.2 billion more than if the system had remained in public hands. At the time, the former State Premier who privatized the system stated the government of the time should think about all options including bringing the system back into public hands.<sup>xxiii</sup> Unfortunately, this analysis did not sway decision-makers.

On November 30, 2009, private multi-national MTR took over the system under an eight-year agreement. Metro Trains Melbourne (MTM) is 60% owned by Hong Kong based MTR with Australian companies John Holland Melbourne Rail Franchise Pty. Ltd. and United Group Rail Services Ltd. owning 20% each. The agreement is with the State of Victoria and is for both the operation and maintenance.<sup>xxiv</sup> The MTM Franchise Agreement covers station operations, infrastructure and maintenance of cars.

MTR agreed to provide a single ticketing system, infrastructure, to cut cancellations by 24% and have a 10% increase in punctuality, as well as to work with police to cut crime across the system by 10%. MTM also committed to investing \$1.8 billion in overhauling 93 six-carriage trains and \$500 million on maintenance over the 8-year contract and establish a rail training academy and training centre as well as customer service agents and increased station staffing. There are also bonuses and penalties in the arrangement. If more than 92% of services are on time or target benchmarks are exceeded or less than 2% of services cancelled, MTM will receive undisclosed bonuses. Conversely, the company can be fined up to \$1 million per month for not meeting “reliability” and “punctuality” measures. Overall, it was reported that MTM will receive \$474 million per year for the contract from Victoria.<sup>xxv</sup>

Despite the promises and change of hands, MTM was not without criticism:

- Staffing has been an issue as only 38% of Metro stations are deemed “premium” – with full-time staff. It has been reported that “large stretches” of MTM are not staffed full time leaving patrons with no access to bathrooms with just an intercom to communicate to staff.<sup>xxvi</sup>
- MTM Chief Executive Andrew Lezala was threatened with firing by Victoria opposition transit critic Terry Mulder (if his party/coalition formed government at the time) after he reversed a decision to support a plan to add security to trains<sup>xxvii</sup>
- In 2010, the PTUA leveled criticism that Metro users are often left waiting due to poor connections. The average connection time was 11.2 minutes, with a high of 14 minutes on Sunday’s. Only 37.5% of train arrivals had bus connections, which drops to 25.3% on Sunday’s.<sup>xxviii</sup>
- “Metro [MTM] has been fined each month since taking over for missing punctuality targets”. In July, 2010 the operator received a \$1 million fine with over 14% of trains running late – this was up from a March low of 80.5%. MTM continued its trend in April to June quarter as well, being fined \$3 million - \$1 million each month for missing targets.<sup>xxix</sup>

Given the continued low satisfaction and history of high costs, Melbourne stands as another flawed example of privatization. Both the tram and train systems are operated by multi-national operators and both sides of the system still receive a significant amount of public money. The Public Transport Users Association (PTUA) completed research which pointed out some of the ills Melbourne/the jurisdiction of Victoria have experienced, such as a 50% rise in subsidy (which goes to private entities) under the private system.<sup>xxx</sup> In addition, the systems move to a single ticket system – like PRESTO in Ontario – was complicated with delays and extra costs in 2009 and operational difficulties in 2010.<sup>xxxi</sup>

The Ontario Auditor General has already been critical of our system. In Ontario’s challenging economic times, why would we replicate systems which do not save money and instead line the corporate pockets of multi-national companies?

## **Sydney**

Like the UK, Australia offers several examples of how not to set-up and operate large scale urban transit systems. There is a history of an extensive network of private bus service providers, which operate under exclusive contracts to run services in Sydney's suburbs. There have been reports that passengers have been left stranded at stops and that some services were unavailable in some areas altogether. What happened here could have been easily predicted - transit is rarely profitable, especially in suburbs or other outlying areas.<sup>xxxii</sup> This is in a City where the New South Wales Parliamentary Library Service estimated that the economic cost of congestion in Sydney was estimated to be \$3.5 billion in 2005, with 70% of trips daily being made in private vehicles.<sup>xxxiii</sup>

## **Vancouver – Expansion at what Cost?**

The 19 kilometre, 16 station, fully automated rapid rail line named Canada Line, opened on August 2009 and serves Vancouver's north-south corridor as well as having connection to the airport. Despite part of the line going underground, this is part of the SkyTrain network, with nine stops in Vancouver, four in Richmond and three serving Sea Island/Vancouver International airport. The line was built at a cost of approximately \$2 billion.<sup>xxxiv</sup>

The transit authority responsible is TransLink (the public authority) and the private partner is InTransit BC (ITBC), who was contracted to handle the delivery, design, build, finance and operate the line. ITBC is made up of SNC-Lavalin, Caisse de Depot et Placement de Quebec and the British Columbia Investment Management Corp. – each hold an equal share. The 'partnership' was consummated in 2005 and is to last 35 years. ITBC contributed \$720 million, which was financed over a 28-year period from its lenders. SNC-Lavalin was contracted by ITBC for a Design-Build Agreement and again was contracted for the operation and maintenance through a subsidiary ProTrans BC Operations. This is a situation similar to the UK example, where the private partners in the deal ended up completing work on the project. In addition to the build, operation and maintenance, ITBC also manages advertising, wireless connections, media distribution and retail services.<sup>xxxv</sup>

The major criticisms of this private line happened at the outset of the project. It is a familiar story in which these types of deals come with a lot of pressure to complete them and are often surrounded in secrecy. Under insistence from the province, which made their financial commitment to this project contingent on a P3 deal, Vancouver committed to a partnership to construct and run rapid transit connecting the airport with downtown Vancouver. This is despite the first two votes of the municipal council rejected this project – it was passed on a third vote. Bids for this project came in significantly over budget, and the deal guarantees the private consortium payment for 100,000 rides daily.<sup>xxxvi</sup>

Prior to its construction, the Canadian Centre for Policy Alternatives issued a report – *High Risk* – calling for a more transparent process including the release of the feasibility study and other due diligence measures. The project was accepted in spite of its absence, without the option of comparing the costs and plans for a traditional public model. Complicating things further The Underhill Company was selected to review the project for Vancouver’s City Council. Their findings said that the P3 did not transfer risk to the consortium, leaving them with the municipality and the P3 offered nothing a public deal could not. Additional criticisms of the P3 model came to fruition for this project. To minimize cost, plans were changed, which included:

- Cut and cover tunnel instead of planned bored tunnel
- Did not deal with business’ on Cambie Street that suffered declines in business during construction, of which lawsuits remain outstanding
- 19 stations were reduced to 16 on the line
- Limited capacity in Southern terminals, which will make extensions difficult
- Stations are too short only allowing two cars at one time – a problem if ridership increases
- Few amenities at stops<sup>xxxvii</sup>

As early as November 2009 a threat was detailed in the press that government subsidy of the project could be between \$14 and \$21 million a year until 2025 – that figure would have to equal the \$700 million plus contributed by the private sector builder InTransit BC. TransLink would be responsible for those payments. This led to threats of reducing service and putting off projects already approved.<sup>xxxviii</sup>

Perhaps signalling the view of some of the positive performance on the Canada Line, SNC Lavalin has now been shortlisted as a preferred bidder for long anticipated Evergreen Line, linking several BC communities to the SkyTrain network.<sup>xxxix</sup> Ultimately, it remains to be seen if the project (which cost \$32 million in procurement costs<sup>xl</sup>) can overcome the secrecy and outstanding issues to be successful. However, it represents another cautionary tale from a Canadian jurisdiction.

## Private Transit – Why?

It remains unclear given all the examples from around the world why Metrolinx and its partners would allow private companies to operate any facet of transit systems in Ontario. In the long-term deals which have been structured from various systems in different jurisdictions, there is an unfortunate pattern of the private sector benefitting at the cost of users and taxpayers. There are also enough questions around the stability of these deals which should instruct us to not replicate them.

We need to keep our transit systems public – especially when it comes to the important role of maintenance on the systems. It is these systems which keep riders safe and ensure the critical infrastructure to the system operates effectively. Handing over our maintenance systems means accepting a liability, which could not be accounted for – either in cost to taxpayers or safety concerns for the projects.

Metrolinx, the provincial government agency, is in control of projects across the province. It needs to be clear its leadership and the provincial government that we want transit systems, public, accountable and to remain in public hands.

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- <sup>i</sup> StatsCan; The Daily. *Study: Commuting to work*. Wednesday August, 24, 2011. Available at: <http://www.statcan.gc.ca/daily-quotidien/110824/dq110824b-eng.htm>
- <sup>ii</sup> Moving Transit Forward. Prepared by the office of the Chair of the TTC. September 2010 & TTC Report September 27, 2012 - 2013 TTC AND WHEEL-TRANS OPERATING BUDGETS. Subsidy numbers were 2011 and 2010. Available at: [http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2012/September 27/Supplementary Reports/2013 TTC and WHEEL-TRANS OPERATING BUDGETS.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2012/September%2027/Supplementary%20Reports/2013%20TTC%20and%20WHEEL-TRANS%20OPERATING%20BUDGETS.pdf)
- <sup>iii</sup> Adler, Patrick; Bednar, Vass; Matheson, Zara et al. *The Geography of Toronto's Service Class & What it Means for the City of Toronto*. Toronto Election 2010 Discussion Paper #2 – August 2010. Martin Prosperity Institute, Cities Centre University of Toronto. [http://www.martinprosperity.org/media/pdfs/Toronto\\_election\\_series-Geography\\_of\\_Service\\_Class.pdf](http://www.martinprosperity.org/media/pdfs/Toronto_election_series-Geography_of_Service_Class.pdf)
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