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Tuesday 19 November 2013

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des débats
(Hansard)**

Mardi 19 novembre 2013

**Standing Committee on
Government Agencies**

Agency review: Metrolinx

**Comité permanent des
organismes gouvernementaux**

Examen des organismes
gouvernementaux : Metrolinx

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GOVERNMENT AGENCIESCOMITÉ PERMANENT DES
ORGANISMES GOUVERNEMENTAUX

Tuesday 19 November 2013

Mardi 19 novembre 2013

The committee met at 0807 in committee room 1.

SUBCOMMITTEE REPORTS

The Vice-Chair (Mr. Rick Bartolucci): Good morning, everyone. I think we'll get started; we have another long agenda.

The first order of business is to say that the Chair is away today; he's ill. So I will be taking his place. Well, no one can ever replace Lorenzo, but I will be trying to act as Chair.

The first item of business is the report of the subcommittee on committee business dated Thursday, November 14, 2013. I'll have Laura Albanese give the report, please.

Mrs. Laura Albanese: Thank you, Mr. Chair. I move adoption of the subcommittee report on intended appointments dated November 14, 2013.

The Vice-Chair (Mr. Rick Bartolucci): Great. Any questions from anyone? Carried? Done.

The second order of business is the report of the subcommittee on committee business dealing with Metrolinx. I'll ask Monique Taylor to read the report; it's lengthy. Thank you so much, Monique.

Miss Monique Taylor: Your subcommittee on committee business met on Thursday, October 31, and Thursday, November 7, 2013, to consider the method of proceeding with an agency review of Metrolinx, and recommends the following:

(1) That prior to commencing the agency review of Metrolinx, the committee meet on Tuesday, November 5, 2013, to consider intended appointments.

(2) That the committee meet to commence the agency review of Metrolinx on Tuesday, November 19, 2013, at Queen's Park, from 8 a.m. to 10:25 a.m.

(3) That the Clerk of the Committee, with the authorization of the Chair, post information regarding the committee's business with respect to the agency review of Metrolinx in English and French on the Ontario parliamentary channel, on the Legislative Assembly website and with the CNW newswire service.

(4) That the deadline for receipt of written submissions on the agency review be determined by the committee at a future date.

(5) That the deadline for a response to the questionnaire that was sent to Metrolinx be 5 p.m. on Tuesday, November 12, 2013.

(6) That the research officer provide a background paper on Metrolinx to the committee by 5 p.m. on Tuesday, November 12, 2013.

(7) That the research officer provide the committee with a briefing on Metrolinx, up to 30 minutes in length, on Tuesday, November 19, 2013, at 8 a.m.

(8) That the president and CEO of Metrolinx, Mr. Bruce McCuaig, and the chair of Metrolinx, Mr. J. Robert S. Prichard, accompanied by agency staff, be invited to appear before the committee on November 19, 2013, at 8:30 a.m.

(9) That Metrolinx be offered 30 minutes to make an opening statement, followed by 75 minutes of questions by committee members, 25 minutes per caucus, in two rounds: a 15-minute round followed by a 10-minute round.

(10) That the committee meet to hear from stakeholder groups on Tuesday, November 26; Tuesday, December 3; and Tuesday, December 10, 2013, at Queen's Park, from 8:30 a.m. to 10:25 a.m., and that stakeholders be scheduled in the following order: selection of the official opposition, November 26; selection of the third party, December 3; and selection of the government, December 10.

(11) That stakeholders be offered 30 minutes to make an opening statement, followed by 75 minutes of questions by committee members, 25 minutes per caucus, in two rounds: a 15-minute round followed by a 10-minute round.

(12) That each caucus provide the Clerk of the Committee with information regarding at least two stakeholders they would like to invite to appear by 12 noon on Monday, November 18, 2013.

(13) That the Clerk of the Committee, in consultation with the Chair, be authorized, prior to passage of the report of the subcommittee, to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

The Vice-Chair (Mr. Rick Bartolucci): Thanks, Monique. It's much appreciated.

Miss Monique Taylor: You're welcome.

The Vice-Chair (Mr. Rick Bartolucci): All right. Now that we've done the report, any debate on the report?

All right. Shall the report be accepted? Beautiful, great.

Now we have Jeff—

Mr. Kevin Daniel Flynn: Chair?

The Vice-Chair (Mr. Rick Bartolucci): Yes, Kevin?

Mr. Kevin Daniel Flynn: Just as a follow-up to that, the stakeholder groups: When will we have a list of those stakeholder groups that are being called?

The Vice-Chair (Mr. Rick Bartolucci): Sylwia?

The Clerk of the Committee (Ms. Sylwia Przewdziecki): The deadline for the caucuses to submit their information to me was yesterday. I did receive them by the end of day yesterday, so I'm happy to—

Mr. Kevin Daniel Flynn: Could you circulate them?

The Clerk of the Committee (Ms. Sylwia Przewdziecki): I'm happy to do that later today, yes.

Mr. Kevin Daniel Flynn: Thanks Sylwia. Thank you, Chair.

AGENCY REVIEW: METROLINX

BRIEFING

The Vice-Chair (Mr. Rick Bartolucci): We've got roughly 17 minutes for Jeff Parker, our legislative research officer, to give us some highlights. Jeff?

Mr. Jeff Parker: All right. I think we agreed in the subcommittee meeting that I would try to keep my remarks as brief as possible so that you have some time for some questions or some feedback so I can find out what you're most interested in looking at.

I wanted to touch on a few things. I would direct you to the two pieces of work that research has produced for you. One is a background report on Metrolinx and one is a smaller packet of visualizations. You should have received that in your packets this morning right after the subcommittee report. I will refer to them a couple of times, but they should hopefully be good reference documents for you to look back to as you're considering the review of Metrolinx.

I'm just going to highlight a couple of elements from these two reports and products that we've put together. This briefing is not going to be exhaustive because we simply don't have the time, and I'm sure you want to get to your questions.

The first thing I want to highlight is that Metrolinx has a very interesting mandate because it's got three inter-related but indeed separate tasks that it does here, and I want to go over that very quickly. The first is to provide leadership and to coordinate between the different regional transportation networks and to create an integrated system. That's basically the original reason that this agency was founded back in 2006. This is also the basis for the Big Move, which is the regional transportation plan that we hear so much about in the media and that we're talking about, and that I'm sure will be a topic of discussion for the committee.

This is sort of the first reason for Metrolinx. It's also the rationale behind the Presto card system, which is the unified fare card. That's something that has been adopted in a number of transit systems not only in the GTA, but also in Ottawa. OC Transpo is integrating the Presto system into their transportation service. Basically, what

the Presto card allows you to do is it allows you to use a single card to pay fares on a number of different systems. For example, if you were to come today from Pickering or Ajax to Queen's Park, you might take a bus in from Durham region transport to the GO trains down to Union Station and then take the TTC up to here. You'd be paying three separate fares technically, but the Presto card would allow you to pay with a single card throughout this entire system. That's all again under the integration-coordination mandate of Metrolinx. That's sort of the first big mandate and the reason they were founded.

The second part of the mandate, and again one of the founding mandates of Metrolinx, is to act as the central procurement agency. When I'm reading this mandate, this is right from the act itself, section 5 of the Metrolinx Act.

This is, again, a very straightforward piece of the mandate. This is about using economies of scale, so that rather than have each separate municipality buy their buses, Metrolinx can place a bulk order, which is going to achieve economies of scale and save money. Metrolinx itself estimates that they've done this for more than 26 transit agencies, acquired more than 500 buses and have saved Ontario taxpayers an estimated \$9 million. As part of a three-pronged mandate, this is probably the least publicized and the smallest aspect of it, but obviously it's still important to list it in the legislation.

And then the final one, to operate the regional transit system: This is actually an addition from 2009. In 2009, the Legislature passed a fairly significant amendment to the Metrolinx Act which brought the GO train system under the authority of Metrolinx. It brought the Presto card system formally into Metrolinx from its place in the Ministry of Transportation. And it changed the governance of the organization.

The operation of GO Transit is obviously very significant. It's by far the largest part of Metrolinx's budget. In the background paper, the larger one that I've given you, page 7 has a summary of the financial information for the last three years from the agency. If you look, you'll see that the largest categories of expenses are either entirely or mostly to do with the GO Transit system. That's things like rail and bus operations, facilities and track, equipment and maintenance, and even labour and benefits, because the largest part, in terms of employment at Metrolinx, is going to be the GO Transit arm, the largest number of employees. So when we're talking about the money that Metrolinx spends and the operations it provides and the employees that it hires, we're dealing primarily with GO Transit there, because it's the largest chunk of their operation.

So that's the mandate, and I just spoke about the 2009 change. I think that's important also from a governance perspective, because prior to 2009—between 2006 and 2009—Metrolinx, as a board, was much more of an inter-governmental and inter-municipal body than it is today. Today it looks much more like a traditional government agency. It has a CEO. It has a chair. It's run more in a

professional, corporate way. But prior to that, the members of Metrolinx actually tended to be municipal chairs and mayors. So the mayor of Toronto was on the Metrolinx board; the mayor of Mississauga was on the Metrolinx board. In the package that Metrolinx gave you, the giant binder, they have a full copy of the original Big Move transit plan. If you go to the third or fourth page, they've got the list of the people who designed it and they have the board of Metrolinx: It's Hazel McCallion; it's David Miller; it's a number of these politicians. There has been a transition there. I highlight that because when we're dealing with Metrolinx in its current form, with the management of GO Transit with its current board of directors, we're dealing with a relatively young agency. This agency in its current form is only four and a half years old. Indeed, the leadership of the current chair and CEO only extends back about three and a half years. So we're not dealing with something that has been reviewed extensively by this committee or by other bodies. We're dealing with something that's still, in a sense, in its infancy, despite the very significant responsibilities and the significant budget that it has.

The final thing that I'm going to leave you with is the regional transportation plan, the Big Move. Obviously, that gets a lot of publicity because we talk about a \$50-billion plan, 30 years, 25 years. It's a lot of money and it's a lot of time. You'll see on page 3 of the smaller visualization that we've brought in to you that there are about nine or 10 projects under way. I say nine or 10 because it depends on where you count the Scarborough RT project. It's included in the original visualization provided by Metrolinx, but their current website doesn't list it because obviously it's in a bit of a state of flux right now. The original projects under production right now include things like the Union Pearson Express, the Eglinton Crosstown LRT and the Finch West LRT. That's going to total about \$16 billion, and the funding has already been pledged to it by various provincial, municipal and, in some cases, federal governments and agencies.

The next-wave project, which is where some of the current public debate is coming from, is estimated to cost approximately \$34 billion. That's where we've gotten into the debate about revenue tools. You've seen the reports about the 0.1% proposed increase in HST, the increase in the gasoline tax. That would go to fund the \$34 billion coming later. I've included a couple of graphs in the visualization report to give you an idea of where that money will be spent. It's really important to note, when we're talking about the funding for this, there is going to be a significant capital outlay at the beginning, but then we're going to transition into fairly significant costs in terms of refurbishment and maintenance. So it's important to remember that even though there's a significant investment in the building of these new transit projects, there will also then be a significant investment in keeping them running. If this plan were to go ahead, there's going to be a much larger transportation network, which will have some benefits but will also come with

the costs of maintenance and upkeep, and that's something that sometimes gets missed—at least, I found in my research—in the current debates about the funding of the system.

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Finally, if you look at the visualization package, I have included two maps which give you an idea of what the new routes and builds are supposed to be, to give you a sense of what is being proposed and what's on the table for this money.

To wrap up, first, I'd like to also recognize Julie Anderson, one of our data librarians, who was very helpful in providing these materials to you, and open the floor to questions. Hopefully, this has given us a good basis to begin from.

The Vice-Chair (Mr. Rick Bartolucci): Thanks very much, Jeff. Are there any questions from anyone before we go into Metrolinx's presentation? Any? Okay.

Miss Monique Taylor: I'll ask a question.

The Vice-Chair (Mr. Rick Bartolucci): Monique?

Miss Monique Taylor: You said there were three main mandates: Presto, bulk order of the inventory—and what was the other one?

Mr. Jeff Parker: The final one is operating the regional transportation system.

Miss Monique Taylor: Operating.

Mr. Jeff Parker: Again, like I said, that's primarily GO Transit, and that was added in 2009, when Metrolinx was expanded.

The Vice-Chair (Mr. Rick Bartolucci): All right. Any other questions? Good.

METROLINX

The Vice-Chair (Mr. Rick Bartolucci): Then we're going to move right into Metrolinx's presentation. At this time, I'd like to call up J. Robert Prichard, the chair of Metrolinx, and Bruce McCuaig, the president and the chief executive officer of Metrolinx. Thanks very much, gentlemen, for coming out this morning. You have up to half an hour for your presentation. Go ahead.

Mr. Robert Prichard: Chairman, thank you very much. My name is Rob Prichard. I serve as chairman of the board of Metrolinx. To my left is Bruce McCuaig, who serves as the president and chief executive officer of Metrolinx. We're very grateful for the opportunity to appear before you. The work we do at Metrolinx is enormously meaningful to us and the colleagues that we represent, and to have the honour of appearing before you and answering your questions is a special privilege, so thank you for it.

Our intention is to go through a presentation that you have a copy of. I'm going to deal with the first seven slides and Bruce will deal with the remainder.

I think there is no inconsistency between what's in this deck and in the material received from Mr. Parker. I only saw Mr. Parker's material earlier today, but I thought it was absolutely first-class, what he prepared for you, on a

first read. It corresponds exactly with our own views on the matters he covered.

Metrolinx was created in 2006 for the purpose of providing residents and businesses in the GTHA, the greater Toronto and Hamilton area, with a transportation system that's modern, efficient and integrated.

The way we think of Metrolinx—and this is slightly different, Mr. Parker, from yourself, but we think of it as: We plan, we deliver, we build and we integrate.

We plan: That is the Big Move; that is the investment strategy; that is policy and planning directions for the GTHA with respect to transit and transportation.

We deliver: We operate a significant transit delivery agency in GO Transit, with our trains and buses.

We build: We build new transit infrastructure for the GTHA—for example, the Union Pearson Express, the Eglinton Crosstown, the York Viva bus rapid transit.

We integrate: We integrate, in that we have 10 transit agencies in the GTHA, and our job is to bring them together in a coordinated, integrated way, the Presto fare card being a contributor to that ambition for integration.

So “we plan, we deliver, we build and we integrate” is the mandate of Metrolinx.

On the next page, page 3, you have a map of the GTHA, as we understand it and as we serve it. Some of our services go beyond the GTHA, in that we have a train service to Kitchener-Waterloo, we have a bus service to Peterborough. So we do go beyond the boundaries of it, but our mandate under our statute is principally for the GTHA.

This is, as you know, a very large area, at six million people. It's four orders of government. There are 30 municipalities in the GTHA, and there are 10 transit agencies. Metrolinx is not the only transit agency; Metrolinx is one of the agencies. There are 10, and when I say we integrate, we have to integrate and coordinate across those 10 agencies, including our delivery of GO Transit services.

On page 4 there's a brief history. Again, it follows the same timeline. It's in the research material. Metrolinx was formed in 2006, so we're only seven years into the history of Metrolinx. It was created as the Greater Toronto Transportation Authority in 2006. It was renamed in 2007. It adopted the regional transportation plan, that is, the Big Move, in 2008. Then, in 2009, the statute was rewritten and Metrolinx was merged with GO Transit. In 2010, the Union Pearson Express was added to our mandate. In 2011, the government transferred Presto from the Ministry of Transportation to Metrolinx, and we also then, in 2012, assumed responsibility for building the Toronto rapid transit projects. Then, in 2013, we delivered the investment strategy. So it has been seven years from start to where we are today.

The critical change, as Mr. Parker said, occurred in 2009. In 2009, the statute was rewritten. It affected the merger of GO Transit and Metrolinx, and it substituted a citizen board for what was previously a board principally made up of elected or appointed mayors and chairs from the municipalities forming the GTHA.

On page 5, in terms of governance, we report to the Minister of Transportation. We do so consistent with the memorandum of understanding, approved by the minister and the board, that sets out the accountabilities within the statutory framework. The memorandum of understanding sets out the relationship and the roles of the minister, of the board, of myself as chair and of Bruce as president. We have a board of directors. The members of the board of directors are listed there. We have one vacancy as of about a week ago, as this committee approved, unfortunately, Ms. Frances Lankin leaving our board to become a member of the OLG board. That's why we're one short at present. We have five committees of the board that are listed there.

In terms of the issue, as you know, congestion is the issue we're trying to deal with. Congestion is a very serious problem in the GTHA. We suffer from a serious congestion issue. It's a high-class problem in the sense that it has come from the exceptional growth and success of the GTHA as an urban area. It's because the GTHA has grown so quickly and has attracted so many people from across Canada and around the world that it has contributed to the congestion issue. The congestion costs people as individual citizens, in terms of their time. Our commute times are growing and they are very long. It's affecting our economy. The cost of congestion to the economy of the GTHA, and therefore to Ontario and to Canada, is large, estimated at \$6 billion. People criticize that estimate as being too low. The C.D. Howe Institute would put it as closer to \$10 billion and growing towards \$15 billion a year in the absence of strategies to mitigate it. And it's also that congestion contributes in a negative way to our environment with greenhouse gas emissions.

Let me finish on page 7, before turning to Bruce McCuaig to continue. On page 7, I simply want to make the point that this is a regional agency for a regional problem. The nature of the transportation and transit issues in the GTHA are regional. It's not just in downtown Toronto, downtown Mississauga or any one place within the GTHA; it is a regional set of issues where all kinds of different parts of the GTHA are suffering from the congestion issues, and we need regional solutions, solutions that transcend the boundaries of any one of the 30 municipalities that form the GTHA. The very nature of the transit and transportation issues in the GTHA are regional and cut across boundaries, which is why we have a regional agency with a regional mandate to bring together—not to do everything ourselves, but to bring together the 30 municipalities and the 10 transit agencies in a coordinated way.

0830

The GTHA is Canada's largest urban area. It's the fourth-largest urban area in North America. It's one of the fastest-growing urban areas in the developed world, and it needs a seamless, integrated transportation network, delivered on a regional basis, in order to serve the people. It is that coordination and integration that is our mandate: to contribute to working with our municipal

partners, with our municipal transit partners, to deliver solutions for the GTHA.

With that, Chairman, I'll stop and I'll hand it to our president. Our president is Bruce McCuaig. We at the board of directors think Bruce is doing an amazingly good job for us. He joined us three years ago after serving as Deputy Minister of Transportation, and we on the board think we're very, very fortunate to have him as our president.

The Vice-Chair (Mr. Rick Bartolucci): Thank you, Mr. Prichard. Bruce?

Mr. Bruce McCuaig: Thank you very much, and thank you, Rob, for those comments.

I'll go through the following slides very quickly, just so that we can go into the questions and the discussion and spend as much time as possible on that.

I wanted to start off with just giving a bit of an overview of the organization itself. On slide 8, you'll see that the basic structure of Metrolinx is, first of all, a series of enterprise-wide functions to provide efficiency and commonality across the organization. Those are the kinds of areas that you would expect: things like legal, human resources, our planning functions, procurement, communications and those kinds of areas.

We also, though, have four specific business units that really are our customer-facing components of the organization: GO Transit, Union Pearson Express, Presto, and regional transit implementation. The business units are designed to continue to be the brand that customers experience and see and touch every day, and I'm going to spend a few minutes talking to each one of these business units in turn.

On slide 9, first is GO Transit, and as Mr. Parker indicated, it's the largest single component of Metrolinx and has the history and tradition of about 47 years of service. That goes back to 1967 in terms of delivering bus and rail services in the region. It represents a major success story in terms of moving people around this region in a very efficient fashion, and it was the winner of the 2013 award for the outstanding public transit system in North America by the American Public Transit Association. Its function really is building a safe, reliable and efficient transit service with high levels of customer satisfaction, and it has accomplished that in many ways. Some of the numbers shown on this slide attest to that.

It recovers about 80% of its operating costs from the fare box, which is the highest in North America.

We're undertaking the largest expansion in its history, as we roll out additional two-way, all-day service, including most recently, in June, the extension of 30-minute service on the Lakeshore rail corridors to both the east and west portions of the greater Toronto and Hamilton area. Sixty train trips have been added every weekday since 2010, representing a growth of about 25% in terms of service levels, and bus trips have grown by about 22% in that same period of time. All of that supports a significant growth in ridership over the last few years, which is illustrated in the graph.

On slide number 10, I also wanted to give some highlight to the GO Transit passenger charter, and the

reason why this is important to us is that it really is an indication of our commitment to improve customer service. We announce and report publicly to our customers on our five promises that we make in terms of being on time, in terms of having a comfortable journey, in terms of keeping our customers in the know. I'll just highlight a couple of the performance measures that we report and track publicly.

An example of these is on-time performance, which of course is most important to our customers, and I'm pleased to report that our on-time performance is running at 95%, which exceeds the target that we've promised to our customer base.

Another example of our performance is the percentage of passengers who are satisfied with our safety on the system. It's at 87%, which again exceeds our target.

So this is an indication of our commitment to keep performance indicators to report publicly to our customers and to track how well we're performing, not just against ourselves but against our benchmarks.

On the next slide, slide 11, there's some information on the Presto integrated fare card system. Again, it demonstrates progress and significant growth in Presto use in more than doubling the number of customers in just a single year. We're currently at about 920,000 customers across the greater Toronto and Hamilton area, as well as Ottawa, who use the Presto card every day in terms of their travel. It's fully operational on GO Transit, OC Transpo in Ottawa, Mississauga, Brampton, Oakville, Burlington, Hamilton, York region and Durham transit, and, as well, at 14 TTC subway stations. The balance of the TTC is forecasted to be completed in terms of deployment by 2016, and in 2014 we'll be undertaking the first wave of this next deployment.

Over \$500 million in fares have been paid, and we are growing this system by about 35,000 customers each and every month. To give you a sense of the customer uptake on the GO Transit system, about 77% of our customers are using Presto to pay their fares every day.

On slide 12, you see information on the Union Pearson Express. I'm pleased to say that we are on budget and on schedule to launch this service in spring of 2015, with a 25-minute trip from Union Station in downtown Toronto to Pearson International Airport departing every 15 minutes, linking two of Canada's largest passenger facilities. We will take about 1.2 million car trips off the road in the first year of operation. If you've been to Pearson airport recently, you'll see that the construction of the spur line and the station has already added a dramatic part to the skyline of Pearson airport.

On slide 13 is our newest customer-facing service, which is the rapid transit implementation and is actually probably the most significant growth area, from a capital side, of our organization as we move to implement projects like the Eglinton Crosstown and the Viva rapidways bus rapid transit system.

On the crosstown project, the first tunnel drive is under way in the west end of the city. Just last week, we announced the contract award for the second tunnel drive

in the east end of the corridor. The crosstown will provide 19 kilometres of service, of which 11 kilometres will be underground, and we anticipate releasing the request for proposals for the alternative financing and procurement for the crosstown by the end of 2013. This is an important project connecting communities across Toronto, and, when complete, will save customers up to about 20 minutes each way in their daily commute.

Another example of progress is on the Viva rapid transit system, with the first segment opened in August, ahead of schedule. We are continuing to work with York region in terms of delivering additional elements and components of that program.

On slide 14 is some information on our budget. You'll see in the pie chart the distribution of our capital funds across the various program lines. GO Transit represents currently about 57% of our total capital spend, with the second-largest component being rapid transit implementation at 33%. Presto represents about 4%, and Union Pearson Express about 6%.

In terms of the operating budget, you can see that the current budget is about \$590 million, split largely between fares that are collected from the GO Transit fare box and the provincial allocation towards our operating costs. Staffing is about 2,869 individuals, and, as Mr. Parker indicated, the vast majority of those individuals are customer-facing services on the GO Transit system, representing over 2,100 of our employees.

Going forward, in terms of the regional transportation plan, we do have the \$50-billion, 25-year transportation plan for the region, and it's about building the kind of system that we need to move people and goods across our region. Its key elements are tripling the length of rapid transit lines, putting 81% of the population within two kilometres of rapid transit, reducing our average commute times to an average of 77 minutes, and decreasing greenhouse gas emissions from transportation by 29%.

On slide 16, you'll see an image of what that plan looks like. I'm not going to go into any detail on this, other than to say that the key essence of this plan is to supplement our existing system, which carries people from the suburban areas into the downtown areas, with a grid system that connects, east-west and north-south, all of the various population and employment centres that have been growing up around the greater Toronto and Hamilton area.

The benefits, on slide 17, include building a competitive economy to keep our businesses moving, making services move around this region as efficiently as possible, supporting a high quality of life for the region by allowing people to spend less time travelling and building a sustainable environment, because transportation does have impacts, we know, on land, air and water, and we're working to try to minimize those impacts through the implementation of the Big Move regional transportation plan.

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On slide 18 is just an example of some of the projects that we're implementing at this point in time. There are

about 200-odd projects that are funded under construction around the region, representing about \$16 billion in funding. It's the largest program that we've had in this region in our history. I've spoken already about some of these areas, but another one is of course the Union Station revitalization project, where we're basically taking a 1927 structure, a national heritage feature, and tripling its capability to carry GO Transit passengers through the system as well as doubling the subway station at Union Station, as well as improving the train operations in the train shed itself.

On slide 19 is just a visual representation of the over 200 projects that are under way right now. The size of the font represents the relative size of the funding into various projects. About two thirds of our GO Transit stations, for example, have improvements that are under way in terms of construction and activity. We are working with municipalities across the region in terms of supporting and building their infrastructure as well.

The next wave of projects, on slide 20, represents about a \$34-billion capital construction cost in terms of investment going forward. This is really focused on expanding the impact of the regional transit system across the region so that there is support for all communities in the greater Toronto and Hamilton area. It includes light rail transit and bus rapid transit on projects like the Brampton Queen Street LRT, the Dundas BRT, the Hamilton light rapid transit project and the Hurontario-Main light rapid transit project. It includes subway projects in terms of the relief line and the proposed extension of the Yonge north subway. It includes expansion of GO Transit on all of its corridors, moving towards two-way all-day service across the network and also moving towards electrification of the Lakeshore East and Lakeshore West corridors as well as the Kitchener-Georgetown corridor. It also includes about a 25% investment out of that \$34 billion towards local transit on roads and highways on active transportation and on integration because each trip that we make on our transportation system begins or ends on a local element of the transportation system. We also need to support municipalities in terms of providing those services.

In terms of the investment strategy, very briefly, we had a mandate in the legislation to prepare a report by June 2013. The board of directors endorsed a plan in May of this year which is really about coming up with the tools and the means to continue to invest in our transportation system. There has been a focus of course on the revenue tools that have been recommended, but I would also like to emphasize that there's a total of 24 recommendations that deal with a range of issues including the integration of land use and transportation planning, how we maximize value in terms of our investment going forward, how we optimize our existing system and, of course, the kinds of revenue tools that we need to continue to invest in the transportation system. The province announced the Transit Investment Strategy Advisory Panel, and that panel is currently reviewing our recommendations and consulting with stakeholders and the

public, and will be providing further advice to the province in December.

The process for choosing the investment tools is briefly outlined on slide 22. I would like to emphasize that we looked around the world to see how other global cities deal with these kinds of issues. When we look at places like Vancouver, Montreal, Paris, Chicago, New York and London, they have all had the conversation about how to dedicate long-term sustained revenue towards their transportation systems. In essence, we're looking to see what kinds of best practices we can take from those jurisdictions and apply here in the greater Toronto and Hamilton area. When we spoke to the public, stakeholders and municipalities, four principles were very important in this discussion:

- dedication of revenue to specific outcomes so people know that revenue that's being collected is going to fund and support the delivery of specific projects in their community;

- that there would be fairness across all population groups in the greater Toronto and Hamilton area so that people who are benefiting are contributing to the kind of system that we're building for the future;

- that there's equity in terms of the distribution of projects; and

- that there's accountability and transparency in how funds are collected, managed, expended and, in the end, put into service over the next 30, 40 or 50 years.

In terms of our major challenges ahead, on slide 23, I would outline six:

- delivery of capital projects; clearly this is all about how we can efficiently deliver our program;

- fare and service integration with the Presto fare card;

- how to bring together our 10 transit systems to improve the experience for customers across the region;

- sustained and dedicated funding to make sure that we can continue to build;

- the role of the federal government in terms of providing long-term, sustainable funding for urban transportation;

- making decisions that are based on good evidence and facts, and developing the kind of system that we need for the future; and

- sustaining a shared vision across the entire region.

I'd just like to close by indicating that while much has been accomplished in this region, I think we can all agree that a great deal still needs to be done, and we are very grateful. We appreciate the support that we've received from all of our funding partners, the province, municipalities and the federal government. We believe that these investments are so vital to improving the quality of life in our region, and in the end, the economic competitiveness, so that we can continue to sustain the kind of growth that we've experienced in the greater Toronto and Hamilton area. Thank you very much.

The Vice-Chair (Mr. Rick Bartolucci): Thanks very much, Mr. McCuaig and Mr. Prichard, for a very, very good presentation.

Now we're going to start the questioning—two rounds. The first round is 15 minutes per caucus. The second round will be 10 minutes per caucus. We're going to start with the official opposition in the first round of 15 minutes. Who's going to lead off?

Interjection.

The Vice-Chair (Mr. Rick Bartolucci): Jeff Yurek will be the first one.

Mr. Jeff Yurek: Thanks, Chair.

The Vice-Chair (Mr. Rick Bartolucci): You're welcome.

Mr. Jeff Yurek: Thanks, guys, for coming out and giving us an updated report on Metrolinx. I want to focus on Presto for a little while and go through a series of questions with you. I just want some general information.

What's the total investment made into the Presto system as of today?

Mr. Bruce McCuaig: The investment in the system, in GO Transit and the GTHA, the suburban bus companies, represents about \$186 million in terms of a capital investment. The investment in Ottawa, OC Transpo and the Ottawa system, represents about \$40 million. We're in the process of developing the program and implementing the program for the TTC, so that's information that will be developed as we finalize all the technical specifications and implement that program. I can't give you a final number on that. The budget at this point is \$255 million.

We're also expending money to keep Presto up to date as times change, and going towards Presto Next Generation represents an investment. I'll have to come back to you with the exact number on that investment.

Mr. Jeff Yurek: Okay. How many riders will Presto need in order to break even down the road? Have you calculated that?

Mr. Bruce McCuaig: I'm not sure if the objective was ever to break even in the sense that this a money-making venture. I think the intention was to provide a modern tool that is in all of the customers' of transit purses and wallets that allows them to navigate the system, and it also allows the transportation systems a more efficient way to collect their revenue.

To date, about half a billion dollars' worth of revenue has been collected through the Presto system. To give you a sense: the TTC anticipates that as we implement Presto across the TTC, they would actually be saving about \$10 million a year in terms of their cost of collection of their fares from the existing system of Metro-passes, tickets and tokens.

We've never looked at Presto as a money-making venture but really as a venture to try to improve the quality of the customer experience, make it more convenient for customers and make it more efficient for the transit operators as well.

Mr. Jeff Yurek: Okay, so there's no plan to recoup the money invested into the Presto system?

Mr. Bruce McCuaig: In terms of the implementation and the TTC, the TTC is going to be providing us with 5.25% of the revenue that we collected to offset the cost

of the investment in Presto for the Toronto system. So the objective in the Toronto deployment—which is a different business model than the existing program on GO Transit and in the 905 suburban bus companies—is that we would be recovering our capital and operating costs on the TTC.

Mr. Jeff Yurek: Just on the TTC portion.

Mr. Bruce McCuaig: That's correct.

Mr. Jeff Yurek: Okay. I just want to touch a little bit more on the Presto. Waterloo region is going forward with implementing a fare card system, and they've said they won't be going with the Presto system because Presto refuses to enter a competitive bid process. Why is that? Why wouldn't Presto want to compete and help recoup some of the costs that the taxpayers poured into the card system in order to maybe give back to the taxpayer the money they've put in?

0850

Mr. Bruce McCuaig: Well, to be clear, the conversation that we've had with Waterloo region is whether or not Presto could provide a service in the time frames that they needed to deploy the system on the Waterloo light rail transit program that they're currently in the process of procuring. We indicated that our focus at this point in time is really on the deployment of Presto on the TTC. That was really going to be the main focus of the Presto program over the next few years. We suggested that it would be better for them to move toward a competitive process.

Whether or not we owned the intellectual property for Presto in Canada, whether or not one of the service providers wishes to take the Presto system and actually submit a bid, that would be up to the company involved. As an organization, Metrolinx does not see itself competing with the private sector in terms of responding to an RFP. If Accenture, which is our service provider, expressed an interest in responding to the Waterloo request for proposals, then we would have a conversation with Accenture in terms of how they would go forward with that proposal. But, in and of itself, we do not intend to compete with the private sector in terms of bidding for the Waterloo project.

We have spoken to Waterloo region about how the specifications for their program can be designed in a way that allows for integration with Presto, so that a customer using the card that Waterloo has could actually use it, for example, on the GO train or as they come into the Toronto region so there would be a level of integration.

Mr. Jeff Yurek: Okay. You say there are timeline gaps in order for Presto to serve Waterloo. Is that correct?

Mr. Bruce McCuaig: I think I indicated that our focus right now—in the next two or three years—is to really focus on the deployment on the TTC in the city of Toronto. It is the largest transit organization in Canada, and deploying that across the subway, streetcar, bus and LRT networks is a significant undertaking. That's really what our priority, as a focus, is over the next two to three years.

We realize that Waterloo wanted to deploy a fare card in their region in that same time period, and we suggested that, rather than looking to Presto as being the sole way to deliver that, they may wish to go out to the marketplace.

Mr. Jeff Yurek: On that, seeing how there are already systems in place out there that are going to bid on the Waterloo system and implement what you're trying to implement in Toronto, are you guys really just reinventing the wheel and perhaps are years behind what's already out there in the system? Is there not an off-the-shelf product that would have met your needs and that is going to meet the needs of Waterloo?

Mr. Bruce McCuaig: Well, to be clear, we're not trying to implement a solution in the Toronto area; we have implemented a solution in the Toronto area. We are operational on GO Transit and all the suburban bus companies, and we're operational in Ottawa. Almost a million people use Presto every day. So we are very much into an operational phase.

What's unique about the Presto system is that it actually integrates across a number of transit agencies. Rob Prichard indicated there are 10 agencies here in the greater Toronto and Hamilton area—we have Ottawa, as well. It's very unique to have a fare card system that operates across that breadth of geography and institutions in terms of the delivery of its services. Presto, and every other smart card-based application in the world, in essence takes an existing system that a company has to offer—in this case the offering was from the company Accenture—and adapts it to the unique requirements of the geography and the community they're implementing the system in.

In the case of Presto, its foundations are in the Netherlands-based smart card system. It was brought to our environment by Accenture and adapted to our needs. Other companies do exactly the same thing. So, whether it's ACS or any other service provider that provides smart card-based systems, they basically take their product and use it as a foundation, and then they adapt it to the needs of the particular community they're serving. Each one of these communities has different business requirements, different geography, a different number of transit systems and requirements for integration, and different scopes, and all of that basically requires that adaptation to make it meet the needs of that particular community.

There is no off-the-shelf system you can take, plug in and expect will play in terms of delivering a service. There is a significant degree of customization and adaptation that's required for all of these systems to make them work in any particular community.

Mr. Robert Prichard: I think those last three sentences were the short answer to your question, that there is no off-the-shelf, buy that and it will work in the region or in the system. Every one of them is a software base that then gets adapted and customized to the needs of the particular transit system or, in our case, the 10 transit systems that are using the system, and accommo-

date the different fare structures and the like. As you know, GO Transit has fare by distance; the municipal transit agencies have a single fare. The card has to accommodate both of those. That wouldn't be true in another place that had only one way of measuring fares. In all cases, the core system has to be adapted to the needs of the customer, which is the transit agency.

Mr. Jeff Yurek: Now, with regard to the off-the-shelf type of product or different competitors, the Auditor General's report last year noted that the TTC was in negotiations with a company outside of Presto which pretty much was going to offer a superior system with regard to the card system and adapt to the current Presto system in place. However, Metrolinx and the Ministry of Transportation pulled the old, "We're going to hold funding for other projects going on unless you adopt the Presto system."

My question is, is there talk at all at the Ministry of Transportation or Metrolinx with regard to the Waterloo system, basically coming out towards them—"We're going to withhold your gas tax money unless you climb on board the Presto system"?

Mr. Bruce McCuaig: I cannot speak for the Ministry of Transportation, but I'm not aware of any indication in terms of having a discussion with Waterloo in terms of their provincial gas tax funds. In terms of the TTC in the city of Toronto, in the end the TTC chose to adopt Presto as their fare solution.

Mr. Rosario Marchese: They had to; they had no choice.

Mr. Bruce McCuaig: They have been our partner in terms of developing this system. The TTC have been with us since the initial deployment of Presto with the 14 subway stations that represent actually 21,000 users each and every day who are on the TTC and who are using the Presto system.

We think it's important to have a regional solution given that people are travelling across the region each and every day, and that Presto is a unique solution in that it provides that opportunity for customers to use the same card on multiple systems. We are not aware of how the original TTC plan would have addressed or accommodated that need for people to use the same card on multiple systems.

Mr. Jeff Yurek: Yes, I wouldn't say the TTC came happily. I think it was more of a forced marriage with the fact that "You're going to withhold my funding for the gas tax and/or increased purchases of rail cars and such."

Mr. Rosario Marchese: Dragging and kicking—

Mr. Jeff Yurek: Sure. And I'm not going far on a limb saying that it might happen to Waterloo considering that Ottawa, too, had the gun to their head, saying that they'd have to go with the Presto system in order to retain their gas tax money. Any comment on the Ottawa situation as well?

Mr. Bruce McCuaig: Well, again, our approach at Metrolinx has been to develop a partnership with the communities that we work with. Our arrangement with Ottawa is a partnership. We are a service provider to

them. We are providing basically a service that we have to meet their requirements. That requires us to have very much a long-term working relationship. From our perspective, it would not be conducive to building that kind of a system if we were not giving people, organizations or communities choices. In the case of Ottawa, as far as I know, it was the city of Ottawa's choice to join the Presto system.

Mr. Robert Prichard: To be clear, Metrolinx has no authority over conditions on municipalities receiving gas taxes. Metrolinx does not put conditions on funding announcements; they're not ours. We're an agency of the government implementing the plans and implementing the mandate that we have, but these matters, I think, to the extent they're matters of conditions being put on funds, are better put to the Minister of Transportation rather than ourselves.

The Vice-Chair (Mr. Rick Bartolucci): One minute left, Jeff.

Mr. Douglas C. Holyday: I have one question.

The Vice-Chair (Mr. Rick Bartolucci): Doug Holyday?

Mr. Douglas C. Holyday: I appreciate that there's a lot going on here, but I'm just wondering when we could expect to see the first subway station open?

Mr. Bruce McCuaig: In terms of the Toronto-York-Spadina subway extension?

Mr. Douglas C. Holyday: Whatever.
0900

Mr. Bruce McCuaig: That project is under construction as we speak. It's the first time a Toronto subway is crossing a municipal boundary into another community, so it's actually a significant moment in time in terms of building that integrated regional system. That extension will open in 2016 and will provide service to York University and onwards to Vaughan Metropolitan Centre.

Mr. Douglas C. Holyday: Thank you.

The Vice-Chair (Mr. Rick Bartolucci): Thank you, the members of the official opposition. We'll now move to the third party. Who's going to begin the questioning? Rosario Marchese?

Mr. Rosario Marchese: Good morning to you both.

Mr. Bruce McCuaig: Thank you.

Mr. Rosario Marchese: I want to ask some questions about how often the board meets, because that's of particular interest to some people.

Mr. Robert Prichard: The board of directors has six meetings—that is, one every two months—that are fixed a year in advance as dates. Then, in addition to that, we meet as frequently as necessary to deal with issues that are more time-sensitive or that require repeated meetings of the board. For example, in releasing the investment strategy on May 27, I think it was, we met that day, of course, but we had met two or three times in the six weeks before that, as we were refining the report.

The six meetings are made up of two different kinds of meetings. There are four quarterly meetings; that is, each quarter, we have a meeting, with a public and a closed session of the board. At that, we receive the financial

report and we do the quarterly work, if you will, comparable to a normal agenda.

The other two meetings: We do a meeting each spring on strategy for the year ahead, and in the fall, we do a meeting all day, dedicated to goals and objectives for the year.

Mr. Rosario Marchese: But given the complexity and the amount of work you do, does it seem to you like six meetings is enough? My sense is that you should be meeting monthly. I know that you can meet when needed, beyond those six meetings that you plan. But it seems that you meet rarely. Why is it that you only have six meetings a year?

Mr. Robert Prichard: I want to stress, we meet as frequently as we need to—

Mr. Rosario Marchese: I understand that, but—

Mr. Robert Prichard: —to do the business, so we probably have of the order—in a normal year, we probably end up having about 10 meetings, because of the additional meetings that we hold.

Mr. Rosario Marchese: But my point is, if you feel you need to meet because there are additional meetings you have to have, why wouldn't you just schedule monthly meetings? It seems to me that your workload that you have requires you to meet on a regular basis, and I just don't get why you're meeting so irregularly.

Mr. Robert Prichard: To be clear, we meet regularly—

Mr. Rosario Marchese: I got you.

Mr. Robert Prichard: —on a schedule laid out two years in advance. But on—

Mr. Rosario Marchese: I already got that.

Mr. Robert Prichard: —why we don't meet more frequently, I think it's a fair question of what is the most effective governance. The model we have chosen is analogous to the way most corporate boards of directors meet, which is typically six times a year. It's normally quarterly meetings.

Mr. Rosario Marchese: Right.

Mr. Robert Prichard: The objective is to have an appropriate relationship between the board and management.

Mr. Rosario Marchese: I understand.

Mr. Robert Prichard: In the case of management, we think we should empower our management, led by Bruce and an exceptional team of people, and we think they should focus on doing their jobs within mandates provided by the board.

Mr. Rosario Marchese: I got you. Thank you.

Mr. Robert Prichard: We think six times a year is sufficient to provide that framework.

Mr. Rosario Marchese: I got the idea, Robert. It's not like a typical board. There's a lot of work to be done. My point is that I think you should be meeting more frequently. But if you think that you have a good schedule and it all works fine, God bless.

Mr. Robert Prichard: It is a vision that says that management is accountable for doing the work of the agency within the guidelines, directions, objectives and

authorities set by the board. We think the current set of meetings—

Mr. Rosario Marchese: Works.

Mr. Robert Prichard: —meets that, but we also call a meeting whenever there's an issue—

Mr. Rosario Marchese: When necessary; I know. You're repeating that. I got you, Robert. Thank you so much.

Of those meetings, how many are open to the public and how many are private?

Mr. Robert Prichard: The four quarterly meetings have a public component of the meeting, and then we go in camera to deal with commercial matters: a contract approval or whatever. Those are the four that are open to the public.

In addition, at some of our special meetings we also have a public session, depending on the subject. We're obliged by statute to do certain things in public, and of course we do all of those in public. Then we do a wide range of other matters in public.

Mr. Rosario Marchese: I know that Paul Bedford, in his comments, when he wasn't reappointed, made some public comments that he was thinking that more of your meetings should be more and more public as opposed to private. What do you think about that?

Mr. Robert Prichard: I agree with the following statement: Everything we can reasonably do in public, we should do in public. We should have a presumption that we will do our work in public, not in private, and we should reserve the private for dealing with matters that are typically commercially sensitive. We've only been at this board for four and a half years, and I think if you were to look at our agendas today versus four and a half years ago, you would see a steady evolution to doing more and more in public. I think Paul's advocacy was part of moving us in the right direction as we found our footing.

Mr. Rosario Marchese: So you've got four quarterly meetings, and much of that is public, except when you go into private, but the other two are private?

Mr. Robert Prichard: Correct.

Mr. Rosario Marchese: I happen to agree with Paul, by the way. I think the more transparent we are, the more the public will trust you. The problem with private meetings is that you lose the trust of the public that is supposed to believe in what you're doing. The more you do in private, the more you lose the trust not just of politicians but also the general public, and that's a problem for you.

Mr. Robert Prichard: I agree with you.

Mr. Rosario Marchese: Speaking about trust, transparency and image, I want to touch as quickly as I can on some of your advertising issues that we have talked about with a Toronto Sun journalist. How many advertising projects has Metrolinx paid for without getting administrative sign-off? With TIFF, the Buffalo Bills and Rogers, there was no sign-off. For how many, in total, was there no administrative sign-off?

Mr. Bruce McCuaig: My apologies. When you said "advertising campaigns"—all of our advertising cam-

paigns have appropriate sign-offs. I think the question you're raising is related to the sponsorship program, where we partner—and GO Transit has partnered for about 25 years—with various agencies in terms of supporting an increase in transit ridership. In that particular case, we've had about two or three of the contracts where, while they had been endorsed in principle, the actual contractual documents did not have all the signatures on them. In one case, it was because of an absence of a signature on our part. In other cases, it was because our partners did not have a signature on that.

Mr. Rosario Marchese: So of these sponsorship programs, in total, there were two or three. We only know of two. Is there a third? Is there a fourth? Is there a fifth? Just two or three?

Mr. Bruce McCuaig: That's correct.

Mr. Rosario Marchese: So what's the third?

Mr. Bruce McCuaig: Reported, I believe, is the experience with the Royal Ontario Museum, where we had a partnership with them where we advertised on our pixel boards, for example, "Use GO to get to" a feature program that they were offering. There was no money that exchanged hands between the authorities or the agencies. But in that case, the Royal Ontario Museum had not signed off on the contract.

Mr. Rosario Marchese: So that's the third?

Mr. Bruce McCuaig: That's right.

Mr. Rosario Marchese: Nothing else?

Mr. Bruce McCuaig: That's right.

Mr. Rosario Marchese: So how much money has been spent on the sponsorship arrangements? Do you have a number in your head by any chance?

Mr. Bruce McCuaig: The only example where we've had any money that exchanged hands from GO Transit or Metrolinx to the actual agency is in the case of the Toronto International Film Festival. In that case, it was \$30,000. The purpose of that sponsorship was, first, to try to support a new program of TIFF, which was in terms of inviting and involving and engaging young people in the festival. From our perspective, we wanted to test to see if making an investment of \$30,000 would offset and support ridership growth from new markets that are not currently using our GO services.

Mr. Rosario Marchese: So that, you would say, is the goal of Metrolinx advertising projects, what you just said, basically?

Mr. Bruce McCuaig: Yes. For example, we've had, for over 20 years, a sponsorship arrangement with the Canadian National Exhibition. As you can imagine, ridership on the GO Transit system to the CNE is a significant way to reduce congestion and also to bring people who are occasional users of transit into the system on a longer-term basis. No money changes hands in those kinds of arrangements.

Mr. Rosario Marchese: No, I understand.

Mr. Bruce McCuaig: The only money that changes hands is, we actually get a commission for the sales that we make at our GO Transit stations of CNE admissions—we're allowed to keep a portion of that—and

of course we have significant increased ridership during the CNE period.

0910

Mr. Rosario Marchese: So when you advertised with the Royal Ontario Museum and TIFF and so on, was Metrolinx actually advertising any service?

Mr. Bruce McCuaig: Basically what we are trying to communicate is, take GO Transit to these kinds of events. These events typically involve large numbers of people who load up our transportation system. Basically what we're trying to communicate is take GO, for example, to the Toronto International Film Festival, in the case of TIFF, and most particularly, trying to engage with a part of the public that does not take transit currently.

Mr. Rosario Marchese: Bruce, when you were advertising with TIFF, what did the advertising say? Did it say, "Take Go Transit"?

Mr. Bruce McCuaig: I can't remember the specifics, but I believe the intention of the communication is to say, "Take GO to TIFF," those kinds of arrangements.

Mr. Rosario Marchese: For some reason, I don't think I saw that. The point is to advertise a service, but I'm not sure that we advertise a service. That's my point. Unless we advertise a service, then why are we advertising? What do you get out of it? That's my point.

Mr. Bruce McCuaig: Well, from our perspective, what we're trying to get out of it is increased ridership and reduced congestion and bringing new people into the realm of being a transit user. That's the objective. The vast majority of what we're offering as an agency is no cost to the agency. For example, we have pixel boards that we use to communicate to our customers. We use lines on that pixel board to communicate, "Take GO Transit to an event." We have our customer ambassadors who are making station announcements on our trains and interacting with customers, and we communicate to our customers, "You can take a GO Transit trip to go to the CNE," for example.

Mr. Robert Prichard: We did the same, I believe, this past weekend for the Santa Claus Parade and for the CFL eastern final. They were both advertised as special services from GO.

Mr. Rosario Marchese: You see, I don't know. The money you spend on TIFF—and I'm a big supporter of TIFF, but I'm not sure what value you got out of that, other than many of the staff getting tickets to go to TIFF. I'm not sure that's a useful thing for you to be doing.

Mr. Bruce McCuaig: To be clear, TIFF was a pilot. It was a test to see if making that kind of investment generated the kinds of benefits that would offset the investment. We concluded that it did not and we did not renew the arrangement the following year.

I think one of our obligations and responsibilities is to take measured and appropriate kinds of innovation and test it with the system to see how it could evolve and how it would work. Some of those tests, some of those innovations, work and some of them do not, and we accept that.

Mr. Rosario Marchese: So that would be—you're speaking to an update really on the compliance with the internal audit recommendations, so I'm assuming your last answer is part of how you responded to the audit. Do you have an update other than—

Mr. Bruce McCuaig: Outside of the audit process we evaluated whether or not the TIFF program provided value for money in the end for the organization and for our objectives. We came to the conclusion that it did not and we did not renew the arrangement.

Separately from that process, we also initiated an audit process, given the circumstances that came to my knowledge in terms of how we managed the tickets we received from the TIFF process. We received those audit results and we implemented and addressed those issues.

The Vice-Chair (Mr. Rick Bartolucci): One minute, Rosario.

Mr. Rosario Marchese: My God. I was going to get into Presto—one minute.

Quickly: Recommendation 5 of the AG's report, in response to cost overruns at Presto, was that "all value-for-money considerations and an appropriate business-case justification should be completed and approved by Metrolinx's board and the Ministry of Transportation..." That was the recommendation. You responded only to say that independent advisers had conducted a value-for-money, a VFM. Actually, the VFM report by Metrolinx consultant Grant Thornton said that "the quantitative assessment of the value for money of the PNG change orders is considered inconclusive."

Why didn't Metrolinx impose the penalties it was allowed to when Accenture failed to make the one third of its performance targets?

Mr. Bruce McCuaig: One of the improvements that we needed to make with the Presto system we've been implementing is, how do we hold our service provider to account and make sure that there are consequences for underperformance in certain areas? When we were in the build and deployment stage of the program, the focus of all parties was to get the system up and running and in the hands, purses and wallets of customers. Now that we are in the GO Transit system and on the 905 bus companies, we're more in an operational phase. We've put in place measures to ensure that Accenture meets its obligations and that Accenture's service providers meet their obligations. That's an item that we've taken steps to implement.

The Vice-Chair (Mr. Rick Bartolucci): Thanks, Mr. McCuaig. We'll now move over to the government side. Kevin Flynn will begin the questioning.

Mr. Kevin Daniel Flynn: Thank you, Mr. Chair, and thank you for a very, very comprehensive presentation.

I represent a 905 riding. Our lifeline to the big city, of course, is our GO train and our GO bus service. Quite often, a lot of higher-profile projects seem to get the lion's share of the media attention. We're talking about—I don't have to name them; I think you know which ones they are. But I'm just wondering if you could outline, for places like Oakville, places like Mississauga, places in

the 905 and into the Hamilton area, what other projects you have currently under way that are going to make an impact on the lives of the people who live in those areas, who are, to be fair, currently undergoing some pretty long commute times these days. They'd like to see some practical relief to that. What other projects should we be talking about, perhaps?

Mr. Bruce McCuaig: Absolutely. There is a great range of projects that are being completed or are under way in different parts of the region. Probably our signature project over the last few months has been launching 30-minute service on the Lakeshore East and West rail corridors. I cannot tell you how many customers have approached us to thank us for increasing that level of service because of all the choices it gives them in terms of middle-of-the-day, evening and weekend service that they did not have before. That has been our largest single expansion of GO Transit since the system was launched in 1967. It was a significant increase, and flowed from the expansion of track, expansion of stations, more trains, more crew to operate those trains, and occurred over a number of years.

More granular in terms of improvements are things like parking structures, and the Oakville parking structure has recently opened. We're in the middle of building a parking structure in Clarkson. The parking structure at Erindale has opened. We're doing parking structures around the region, because we find that the number one driver of building ridership, after adding more train service, is providing more parking capacity. By increasing the supply of parking, we are able to incent more people to leave their car at the station and take the train into work.

But there are also other examples. Probably the signature example I would reference in the western part of the greater Toronto and Hamilton area is the Mississauga Transitway, which is under construction right now across Mississauga through Highway 403 and the Eglinton Avenue corridor to just south of the airport. That will provide a dedicated bus rapid transit line from one end of the city to the other for both GO bus services as well as Mississauga Transit services, and it will provide that reliability, convenience and comfort that I think the people want for the future.

There's a whole range of large projects as well as smaller projects that are under way across this region that are intended to provide more choice, more service and more convenience for the customers.

Mr. Kevin Daniel Flynn: Thank you, Bruce. The feedback I'm getting from my own constituents on the 30-minute service really mirrors what you've said, in that people are starting to look at the GO train more in line with the subway. Now, if you show up at the station, the train will be along eventually. It's not something you have to plan your day around—you know, the 7:43, because you won't get one till 8:43. Now people, I think, are a lot more inclined to use the GO train to go into the city or to come out of it, because they know the most they'll wait is about 25 minutes.

Have you seen increases in the ridership during the off-peak hours as well—during the midday, for example?

Mr. Bruce McCuaig: Absolutely. We've seen, with the introduction of the 30-minute Lakeshore service, an increase of ridership in the off-peak periods of about 32% across the Lakeshore corridor.

Mr. Kevin Daniel Flynn: That's in one year?

Mr. Bruce McCuaig: That's in a few months.

Mr. Kevin Daniel Flynn: That's incredible.

Mr. Bruce McCuaig: So it has been very, very well received by our customers. As a GO user myself, I get on a lot of those 30-minute trains that did not exist just a few months ago, and they are as crowded as the hourly service that we saw last year. So we're finding that the take-up of that service is very significant, and it really is just the example of, if you're working in downtown Toronto and you're going to an event in the evening, if you only have hourly service, you start watching your watch because you have to be very attentive to what the schedule is. If you have 30-minute service, the schedule is not as important. You can just go down to Union Station and you know that there's a train coming in the next, at the most, 30 minutes.

0920

Mr. Robert Prichard: Mr. Flynn, I think you put perfectly the ambition, which is to have that two-way, all-day GO service in all seven corridors. This is the first big step forward towards that vision.

A term that some use is "surface subways." When I take the subway from my home, I walk to the subway and I take the next train. I don't try to catch the 7:32; I just take the next train, and I know it's coming in a few minutes. If I miss one, I'm a little irritated as I'm running down the steps, but if I miss it, I know another one will come soon.

It's going to be a long time until we have that frequency of GO trains, but the vision for commuters in the entire GTHA is to provide that two-way, all-day service in the seven corridors. We think that makes a profound difference to the quality of life and the economic vitality of the region.

Mr. Kevin Daniel Flynn: I think a lot of people are surprised that, after Union Station, the second-largest station in the system is Oakville. People don't understand that often, the impact it has on our community.

One of the beautiful things about the system has been that we get a very high level of recovery of the costs of the system at the fare box. You've noticed that it's 80% system-wide. Does that break down between trains and buses? Because I think I remember hearing in the past that the trains actually operated at a much higher cost recovery level than 80%. Is that factual still?

Mr. Bruce McCuaig: It's very much dependent upon the individual route. We have some bus services that are very well used by our customers and have a very high cost recovery. But you're right: In the peak-period service, on the Lakeshore line, for example, our cost recovery is probably pretty close to 100 cents on the dollar. That gives us flexibility because, as I think every-

body on the committee could realize, when you introduce new services, there's a natural ramp-up period, and you actually have to subsidize new services a little bit as that ramp-up occurs. By having such high-performing services on places like the Lakeshore corridor and in peak-period service in the other corridors, we can use that to help offset some of the higher costs to introduce new services until it becomes a little bit more mature.

Mr. Robert Prichard: Just to be clear on the recovery—and we believe it is the highest in North America, so we're very proud of the number at 80%—that is of operating costs. That is not recovery of the capital cost of expanding the number of tracks, the new bridges. The major capital work we do is not recovered, and that comes from direct grants from the province and the federal government.

Mr. Kevin Daniel Flynn: But even so, as you state, it's exceptionally high.

Mr. Robert Prichard: It's an exceptional number. It's the envy across North America. GO Transit just this year won the North American transit system of the year award, the Oscar for transit systems. Again, we're immensely proud that our team at GO Transit received that award, the APTA award, this year. One of the reasons they received that is the very, very high recovery, which is unequalled anywhere in North America.

Mr. Kevin Daniel Flynn: Considering the system we inherited in 2003 and the phone calls that I got from constituents during those years, it is like night and day. People are very, very pleased. We used to have switches freezing and we didn't have adequate parking. Now there's more than adequate parking. The trains are running on time, I think—I don't know what the level is that you try to get, but you aim for a certain percentage of trains that run on time. Is that still in the 80% and 90%?

Mr. Bruce McCuaig: Yes. Our performance target that we've imposed on ourselves is to be on time 94% of the time. We are achieving, right now, 95%. That has been across the entire year. It doesn't matter whether it's a winter month or a summer month; we're achieving 95%.

Mr. Robert Prichard: What does "on time" mean?

Mr. Bruce McCuaig: "On time" basically means within five minutes of the scheduled arrival time.

Mr. Robert Prichard: It's a very demanding standard.

Mr. Bruce McCuaig: The other piece that we've implemented—and this is both a customer service measure as well as an incentive for our staff to continue to reach higher—is a fare guarantee, a service guarantee. If our service is late on the rail system by more than a specified period of time for reasons that are within our control, then we will provide a refund to those customers. Particularly if you've got a Presto card, the refund system is very, very straightforward.

That's another indication of our confidence, first of all, in terms of the kind of service we're providing, but also is a way to support and incent our staff to go even higher in terms of the kind of performance we have in the organization.

Mr. Kevin Daniel Flynn: Thank you. I'm going to pass it on to my colleague, Mr. Chair.

The Vice-Chair (Mr. Rick Bartolucci): Mitzie Hunter is next.

Ms. Mitzie Hunter: Thank you, Mr. Chair. Thank you both for your presentation and also for the comprehensive package that you provided.

Clearly, you've described how you've transformed a 20th-century train system into a 21st-century commuter service that is actually very much in demand.

I want to talk a little bit about your rapid transit investments. If you could explain, just in terms of why this is important for the vision of the region, for integrating the transit systems in the region. What is motivating this investment in rapid transit across the GTHA?

Mr. Bruce McCuaig: I think, in a word, it goes back to what Rob Prichard said in his presentation. It's about dealing with the very serious congestion challenges that we have across this region. It does not matter whether you're in Toronto or you're in a suburban area; we face and realize congestion each and every day. It impacts our quality of life in families, it impacts our economy, it impacts the quality of our environment.

The motivation to develop an integrated regional system is to address that and to also recognize the fact that we're a much more complicated city-regional area now. People no longer simply come from the suburban areas into downtown Toronto for their employment and back home at the end of the day. People are travelling to employment destinations across the region, and that means that we need to come up with a much more integrated system of not just carrying people to downtown Toronto but to service the individual who's living in Markham and working in Brampton, or from Hamilton coming into the area around the employment centre around Pearson International Airport. Integration and providing choices for those people is the motivation in terms of the Big Move and a big part of the strategy that's embedded in that plan.

When I outlined that conceptual map in my presentation, it was really all about connecting the dots, if I could use that phrase: connecting the dots of where people are living, where they're working, where they're going to school, so that people have choice, and we'll be able to get to those destinations and connect those dots as rapidly and efficiently as we possibly can.

That means that, in some cases, the solution is a sub-way solution. In other cases, the solution is bus rapid transit, light rail transit, heavy rail. We believe that it's important to match the solution to the population and employment demands along those corridors so that we're right-sizing the investment that we're making into the system and we're making an efficient use of the investment that we've been given to basically harness and to make on behalf of the people of this region.

Mr. Robert Prichard: If I could just supplement that: I agree with everything Bruce said, but I think it's worth remembering the origins of the Big Move, the plan itself. It was unanimously adopted by the board of directors of

the old Metrolinx, which was made up primarily of elected officials. It included the mayor of Mississauga. It included the chair of York region, the chair of Durham region, the mayor of Toronto, the chair of the TTC, from Toronto. It was elected officials who came together unanimously to embrace the Big Move plan with its \$50 billion of projects throughout the GTHA. It represented a consensus of the municipal political leadership of that time.

Our mandate is to implement those projects, to constantly update the priority on those projects, to refine the analysis around those projects. But the foundations of this were that unanimously adopted Big Move.

The Vice-Chair (Mr. Rick Bartolucci): One minute.

Ms. Mitzie Hunter: Can you talk about the circumstances surrounding the cancellation of the Scarborough light rail line and what is happening with that project today?

Mr. Robert Prichard: That's a complicated question. The Big Move contemplated, for Scarborough, the rebuilding of the current Scarborough RT, with an LRT using the same corridor and the same elevated route. That was the Big Move. That was then funded by the provincial funding announcement in 2009 to build that. We then moved forward with an agreement with the city of Toronto to build that, but as you know, city council, in May of this year, indicated that despite having entered into a master agreement to build that, it no longer wished to pursue that direction. That then led to a thorough debate provincially and municipally—and it also engaged the federal government—and in the course of that debate, Metrolinx's position remained that an LRT on the Scarborough RT route remained a good transit solution, measured by demand, a likely number of riders etc., and the cost, and the province maintained its commitment to spend \$1.48 billion to build that, which is the cost of building it.

0930

The Vice-Chair (Mr. Rick Bartolucci): Mr. Prichard, we'll have to cut you off. You may want to continue that in your next round of questioning.

We'll now begin the second round of questioning. We will begin with the official opposition, and this round has 10 minutes per party. Go ahead, Jeff.

Mr. Jeff Yurek: Thank you, Chair.

I just want to clarify a few points that came out last time. The Auditor General's report claims that the Presto system could cost \$700 million, and as of last March, \$360 million of this amount has been spent or paid. In your statement earlier, you said that only \$180 million to \$250 million has been spent. I'm just wondering, what are the differences in the Auditor General's numbers and the numbers that Metrolinx has?

Mr. Bruce McCuaig: I think the difference is, referenced in the Auditor General's comments, by the time it is fully implemented. What I was referencing is, how much have we spent on the various elements? So the \$186 million I believe I referenced for GO Transit and the 905 agencies represents that amount; \$40 million for

Ottawa represents that; \$255 million for the TTC deployment is the budget for that element. I think what the Auditor General is looking at is, in the totality, when fully deployed, what would be the capital cost of Presto? I think that's the reference to the \$700 million.

Mr. Jeff Yurek: Do you have an estimate of what the capital costs will be at the end of the day?

Mr. Bruce McCuaig: We're still working towards our budget, which we divulged to the Auditor General at the time, of that \$700-million capital cost.

Mr. Jeff Yurek: Now back to the Waterloo discussion we were having, when you were saying that you advised Waterloo to go to a tendered system because you were focused on Toronto. Is that what I understood?

Mr. Bruce McCuaig: Yes. Our focus right now is on Toronto and the deployment on the TTC. We indicated to them that we could not provide them with the kind of turnaround time that they required for their business requirements, and I think that then triggered their choice to go ahead with a competitive RFP process.

Mr. Jeff Yurek: Why did you offer to enter into a memorandum of understanding with Waterloo if you couldn't meet their timelines?

Mr. Bruce McCuaig: Are we talking about the memorandum of understanding for the light rail transit?

Mr. Jeff Yurek: For the Presto—

Mr. Bruce McCuaig: Sorry, I'm not directly familiar with that piece of information, but I can look into that and respond to you.

Interjection.

Mr. Jeff Yurek: Frank wants to jump in for a sec.

Mr. Bruce McCuaig: Sure.

Mr. Frank Klees: You're familiar with, I'm sure, the minutes from the region of Waterloo that dealt with the Presto file. Have you read those minutes?

Mr. Bruce McCuaig: Yes, I have.

Mr. Frank Klees: So you would know that those minutes very specifically speak to the fact that Metrolinx offered to enter into a memorandum of understanding with the region of Waterloo with regard to Presto. You refused to participate in a public tender, but you did offer to negotiate through a memorandum of understanding. Is that correct?

Mr. Bruce McCuaig: I think what we had indicated to Waterloo is that if they wished to deploy the Presto card as we have it in operation on GO Transit, the 905 agencies and Ottawa—and soon in Toronto—then here's what we could do in terms of delivering that, and we would be prepared to work with them on that front. I don't believe that we can meet their needs, their expectations, for a timeline. I think that then triggered their choice to go ahead with the RFP process.

Mr. Frank Klees: The staff report, with all respect, indicated very clearly that the region of Waterloo wanted Metrolinx to participate in a public tender. Metrolinx, according to the minutes, the staff report, said, "No, we do not participate in a public tender, but we will negotiate with you through a memorandum of understanding." According to the staff report, that took place, and accord-

ing to the staff report, the reason that they did not engage with Metrolinx was not because of a timing issue; it was because Metrolinx could not deliver on the technology that Waterloo wanted, namely, an open payment system.

My question to you here is this: What's interesting is that there are obviously competitors out there who have the ability to deliver the advanced-technology payment system that Waterloo wants to implement. That technology is obviously advanced beyond where Presto is. Further to Mr. Prichard's earlier remark, when Mr. Yurek asked if there are off-the-shelf systems that could be used, it's clear that there are. Even the core system for an open payment system is out there, which is what Waterloo is asking to receive bids on.

What's apparent is that the Presto card system is so far removed from the advanced technology that's available today, out there and available, that will be bidding into the Waterloo system. The next generation Presto is how far away, and how many millions of dollars away, from catching up to what is actually in the marketplace today? That's my question.

Mr. Bruce McCuaig: I think my understanding of the discussion with the region of Waterloo differs from the way you've just explained it, so I can't confirm your understanding—

Mr. Frank Klees: Well, just check the minutes of the staff report.

Mr. Bruce McCuaig: That's not my understanding of the discussion that we've had with the region of Waterloo. The Presto Next Generation, which has now been deployed in Ottawa, has the facility, the ability, to have a range of functionality which would include, as we implement, open payment where people can tap using a debit or credit card.

For example, we have tested and piloted, here in the Toronto marketplace, the ability to use credit or debit cards on the Presto system, and that was a successful pilot. We are working, as we deploy the system on the TTC—and then it will be the choice of municipalities who are our partners, around the region and in Ottawa, about what kind of functionality they would like for their particular community. If they wish to have a functionality that has an open-payment element to it, then our objective, our plan, is to provide that for them.

Mr. Frank Klees: But here's the issue: Presto is in the process of developing technology that is already available out there, and the reason we know that is that the city of Waterloo, or the region of Waterloo, is saying no to Metrolinx. You don't have the capacity to deliver what they want, and yet you're forcing municipalities across the province to take a technology that is light years behind what is available in the marketplace today. What we know is that you are continuing to pour multi-millions of dollars into the development of the Presto technology just to catch up to where competitors are in the marketplace.

The problem that we have here with that is that this rings very similar to the eHealth issue that we faced in this government, where the government continued to

pour multi-millions of dollars into the development of a technology, and it never did appear.

The question that I would have for you is, why is it that you continue to insist on pouring millions of dollars into the development of a technology when you could go to the marketplace, access that technology and combine it with Presto to deliver what it is that you want, that seamless system? We've heard from competitors that they could partner with Presto to deliver that and save you the multi-millions of development through Accenture that you're going to have to go through.

We know you've got problems in Ottawa. You know you've got problems throughout the entire system in terms of that card actually working. It's a flawed system. Why do you insist on continuing to force that card on municipalities? Why are you not open to partnering with existing technology companies that could actually accelerate the delivery of what you need for our transit system?

0940

The Vice-Chair (Mr. Rick Bartolucci): You have less than a minute to answer, Mr. Prichard.

Mr. Robert Prichard: With respect, I would like to say that an analogy to eHealth is unfair and misleading to the excellent work my colleagues have done with Presto. Presto has 900,000 users. Presto is in effect, is in all our systems, is working and has done over half a billion dollars of service. So some notion that this isn't working is simply inconsistent with the facts that we face.

Second, Metrolinx and Presto have used the private sector competitors and a competitive process to procure it in the first instance. We used private companies that bid to provide the readers, private companies to bid on this service and that service. So the notion that this is thousands of people working at Metrolinx, pouring into this, is not true. We contract and hold competitive processes.

Number three, I stand by my earlier statement: There is no off-the-shelf system available to meet the needs that Presto was obliged to meet for the 10 transit systems that make up the GTHA. Any bidder would have to adapt it to meet the special needs that we face. Accenture was chosen. We're working with Accenture. We have an operating system. We will continue to upgrade that system to meet the needs of our customers.

Waterloo is free to choose to go a different direction. I respect that decision they make. That's an entirely reasonable decision. We'll see what comes. We'll see what it costs. We'll see what the outcome is. To say they're starting a competitive process and to judge the end of it today, I think, is premature. We'll see how it turns out, and we'll see how we continue to upgrade the Presto system.

But we're proud of the work we have done with Presto. We're proud that we have an operating system that's being used by our customers, by our riders, not some theoretical system. We have a real system that works every day in greater Toronto and in Ottawa.

The Vice-Chair (Mr. Rick Bartolucci): Thank you very much, Mr. Prichard. We'll now move to the third party. Monique Taylor will begin the questioning.

Miss Monique Taylor: Thank you very much, Chair. Good morning and thank you for being here and for the presentation that you've put forward. I just have a couple of questions before I put it back over to my seatmate here.

Out of the Auditor General's report, I've seen that ownership of the Presto system was under negotiation and expected to be completed by October 2012. Has that been completed?

Mr. Robert Prichard: Yes.

Mr. Bruce McCuaig: Yes.

Miss Monique Taylor: We now own the system? They cannot just take it away after 10 years and all of the millions of dollars that we've spent into it?

Mr. Bruce McCuaig: We own the intellectual property for Presto, and we own the rights for that in Canada. Accenture owns the rights for that internationally. That was the choice that we made, because we did not feel that we would be able to market the system around the world.

Miss Monique Taylor: Okay, so come the next generation and the extra millions of dollars that are going to take us up to \$700 million, we will own the intellectual property and it cannot be taken away?

Mr. Bruce McCuaig: Correct, and we should also realize that the system, the actual software, is a relatively small component of the cost of the system. When you think of the thousands—literally, tens of thousands, in the case of the TTC—of readers and devices that are on buses, streetcars, subways and gateways, those are all hardware that's part of that \$700-million budget; that is not software.

Miss Monique Taylor: Okay. All right, thank you for that clarity.

I'm from Hamilton. I know that we're going to have a new GO station down off of James Street, but I'm told that that service will still only be morning and evening service. I know we were promised all-day GO service. We have a major congestion problem between Hamilton and Toronto on a regular basis. Some days it's two hours and some days it's two and a half, depending on the time of day, just from Hamilton to Toronto. I'm wondering, when will all-day GO service be implemented?

Mr. Bruce McCuaig: The plan right now is to have the new James Street North station open and operational in 2015, in time for the hosting of the Pan/Parapan American Games.

Miss Monique Taylor: Right.

Mr. Bruce McCuaig: The service at that time will be morning and evening as well as special-event service to carry people to and from events that will be held in the Hamilton area. We will continue to operate out of the Hamilton GO Centre as well.

Our plan is to move to full two-way all-day service to Hamilton. We actually operate on CN's corridor in that stretch; we do not own the corridor. We have to negotiate track time because it is also CN's main freight corridor.

We're in the process of working with CN about the additional infrastructure that needs to be provided to incrementally increase service.

Miss Monique Taylor: So we don't have a timeline on that yet?

Mr. Bruce McCuaig: Our objective will be to incrementally put that in place. I do not have a timeline for you in terms of when that additional infrastructure will be completed.

Miss Monique Taylor: Thank you.

The Vice-Chair (Mr. Rick Bartolucci): Rosario Marchese.

Mr. Rosario Marchese: The Auditor General, in his report on page 220, said, "If the capital portion of the additional \$496 million expected to be incurred had been included in the analysis, Presto base and PNG combined would turn out to be one of the more expensive fare card systems in the world." I think that's pretty damning, no?

Mr. Bruce McCuaig: The Presto fare card system will be among the largest fare card systems in the world and one in a small cadre of fare card systems that work across multiple transit agencies. It is a unique system. When we look at that benchmark group, it is approximately the same value, the same price, of those kinds of systems as well. It's a matter of looking at the kinds of systems that are analogous, that are comparable, to Presto in terms of the size and in terms of the complexity of the system.

Mr. Rosario Marchese: I share some of the concerns the Conservative members have around Presto, I have to admit.

Can I ask you: Could we see the November 2012 agreement between Metrolinx and the TTC about Presto integration? Can we see it? Is it available? Is it public?

Mr. Bruce McCuaig: I will look into that. I believe it is available, but I'll go back and confirm that.

Mr. Rosario Marchese: Okay. So you'll send it to us if it's—either way, you'll let us know, through the Chair.

Mr. Bruce McCuaig: Absolutely. It's an agreement with the TTC. So if it's not already available, we'll have to talk to the TTC, given that they're our partner on it.

Mr. Rosario Marchese: Okay. Either way, please let the Chair know, and he'll pass it on to us.

Mr. Bruce McCuaig: Absolutely.

Mr. Rosario Marchese: Do you know how much Toronto will pay and how much the province will pay?

Mr. Bruce McCuaig: The arrangement for the program on the TTC is that we provide the capital investment and they repay us using the 5.25% of revenue that I mentioned earlier that will come back to Metrolinx and, therefore, to the province. We upfront, and over time they repay us through the percentage of the revenue that we collect through the Presto system.

Mr. Rosario Marchese: Okay. So there's no money attached; it's just a percentage based on usage and so on.

Mr. Robert Prichard: No; there's money both ways. We must pay for the implementation, and then the TTC pays us back over future years by a charge on all revenue that comes through the card.

Mr. Rosario Marchese: So what do you pay? Do we know that now? What is your portion?

Mr. Bruce McCuaig: We pay 100% of the upfront capital costs—

Mr. Rosario Marchese: And that is?

Mr. Bruce McCuaig: The current budget of that is \$255 billion—

Mr. Robert Prichard: Million.

Mr. Bruce McCuaig: —million; sorry. Then we recoup that through the service charge, in essence, that is placed upon all revenue that's collected through the Presto system. In a way, it's a managed service contract where we provide the service of the capital upfront and they pay us back.

Mr. Rosario Marchese: I'm going to try to get through some of these questions because there's so little time.

Your answer might be the same as the one relating to Hamilton. What is preventing Metrolinx from introducing more frequent all-day GO train services to places like Brampton?

Mr. Bruce McCuaig: In the case of Brampton, we're in the process right now of a \$1.2-billion investment in the Georgetown corridor. That will provide the foundational infrastructure in terms of tracks, signals, bridges—infrastructure that allows us to increase the level of service. When we complete that project in 2015, that will allow us to start to increase the level of service to Brampton.

Other corridors have similar constraints. We have a program, through our objective to move to two-way all-day service on all of our corridors, to increase track capacity, to increase signal systems and to increase the number of trains that we can provide on each corridor.

0950

Mr. Rosario Marchese: So when Metrolinx dropped all-day GO services to Brampton from the—you dropped it out of the next wave of projects. Is that correct?

Mr. Bruce McCuaig: No, that's not correct. We are, as I indicated, investing right now in the Georgetown corridor, and we are increasing the level of service to Bramalea. Then the question will be, how do we incrementally increase services beyond, and what additional infrastructure is required? Because it's not a single piece of infrastructure that allows you to get right out to Kitchener, for example. We're doing the infrastructure that allows us to get to Bramalea, and then it's a future decision about the infrastructure we need to get beyond Bramalea in terms of increased service.

Mr. Rosario Marchese: The reason why I'm asking these things is because, as we get ready to ask people to pony up \$2 billion and more, if we don't improve existing services, where people consider them to be so poor—they don't see why they should be paying extra money for an extra service when the current service is not there, available or good and/or poor. So unless we find a way—you find a way—to make sure that people are getting the service quickly, so they can see that the service works for them and that future investments will

work even better for them, people are not going to buy in. Do you—

Mr. Robert Prichard: We agree that it was essential to improve service on GO. As Mr. Flynn indicated, there has been a substantial improvement over the past 10 years by our colleagues in GO, and we think that does build a foundation for greater support, just like increasing service on Lakeshore—now everybody wants it, which I think is terrific. But it does take very significant capital investment to lay down more track, to put in place more bridges. It is physical constraints in the corridors that stand in our way.

Mr. Rosario Marchese: Okay, thank you. Can I ask you, when will the UP Express be electrified?

Mr. Bruce McCuaig: We are in the process of going through an environmental assessment for the proposed electrification of the Union Pearson Express. The objective is that once we have that approval in place, we then need to get funding for the electrification. We anticipate, once the funding and the environmental approvals are in place, it's about a three-year period to actually build the infrastructure.

The Vice-Chair (Mr. Rick Bartolucci): Thank you, Mr. McCuaig. Thank you, Mr. Marchese.

We'll now move over to the government side for 10 minutes of questions. Mitzie Hunter.

Ms. Mitzie Hunter: Thank you, Mr. McCuaig, and thank you for clarifying earlier that the government has maintained its commitment to rapid transit investment, \$1.4 billion to \$1.8 billion, for the Scarborough RT conversion.

Would you tell us who's responsible for the sunk costs associated with the city's decision to cancel the Scarborough LRT?

Mr. Robert Prichard: The city of Toronto.

Ms. Mitzie Hunter: The city of Toronto? Okay. There has been a lot of conversation around this particular line. However, there are many projects under way in Toronto and the GTHA, and there has been certainly a long history of investment in capital from the province. In fact, one of your charts really clearly demonstrates that since 2003, that investment has been steadily increasing. Can you talk about what this investment is doing and what are some of those projects that are being invested in?

Mr. Bruce McCuaig: Absolutely. There's no question—and I think Mr. Parker's information that he provided to the standing committee earlier on outlines the significant increase in capital investment in the cities' and the regions' transit and transportation systems.

The \$16-billion investment that's under way right now will touch and address some of the projects we've already talked about, whether it's the Toronto-York-Spadina subway extension to Vaughan Metropolitan Centre and to serve the thousands of students who go in and out of York University on a daily basis; and the York Viva bus rapid transit system east-west along Highway 7 in York region as well as north-south along Yonge Street

in York region, to again provide a level of service that has not been seen in York region.

The Mississauga Transitway that I talked about earlier on, as well as Union Station—people forget that Union Station is Canada's most important passenger transportation facility. It handles more people than any of our airports do. About 250,000 people use Union Station each and every day. We are tripling the capacity of the GO concourses. We're doubling the capacity of the subway station platforms. We're replacing the signalization system in the Union Station rail corridor and we're replacing the train shed roof. So Union Station, our national heritage feature, is being completely transformed at this point in time.

I've spoken to Eglinton Crosstown in terms of the kinds of services that will be provided through that project. In the future, we also have funding for the Finch West light rail transit line, which will extend from the extended Toronto-York-Spadina subway at Finch West over to the Humber River, which will connect priority communities to employment opportunities and it will connect to colleges. We also have the Sheppard East LRT going east along Sheppard through to the Morning-side area, which will, again, connect priority neighbourhoods with a high-order rapid transit service.

Through these and other projects, the whole idea is to try to go back to that Big Move objective of making rapid transit available to 81% of the population. These are the first steps to implement that aspiration. The next wave of projects that have yet to be funded will then move us further along that line of meeting that objective.

Ms. Mitzie Hunter: Thank you.

The Vice-Chair (Mr. Rick Bartolucci): Laura Albanese.

Mrs. Laura Albanese: I had a question on electrification; I wanted to go back to that. As you know, in my riding, first of all, there's a lot of construction going on at this time. We do have two, if not three, of your major projects that are being implemented: the Eglinton Crosstown LRT—the boring machines were launched in York South-Weston; the expansion of the GO system on the Georgetown south line—or the Kitchener line, should I call it now?—and the Union Pearson Express.

Electrification has been something that my community has advocated for, for a long time, and something that I very much support, but there are some misconceptions as to when this can technically happen. We know there is the funding that is needed, but also technically—I have a letter I had written to you, Mr. McCuaig, asking you when it could first be possible to electrify. Right now we have calls, for example, to electrify now, and according to your answer, “now” is 2017. Is that correct?

Mr. Bruce McCuaig: That's correct.

Mrs. Laura Albanese: And why?

Mr. Bruce McCuaig: Just to confirm, Metrolinx supports electrification. In fact, when the board considered the electrification study of the entire GO network, it supported moving ahead with the electrification of the Lakeshore West, Lakeshore East and Georgetown corri-

dors, including the Union Pearson Express. We got approval from the province to initiate the planning for the electrification of the Union Pearson Express, and we've been undertaking that work through the environmental assessment process over the last couple of years.

Our objective is to complete that process in the next year, and then that sets us up for the decision to fund the project and then move ahead with the implementation. It's about a three-year construction period to put in place the infrastructure required for electrification.

If you can think of the corridor, that's going to continue to operate at the same time as you're installing overhead catenary, for example. At the same time, you're bringing power from the hydro corridors and transforming it down to the power requirement for trains. There's a fair bit of infrastructure that needs to be constructed, and that will take about a three-year period. We indicated that 2017 was the earliest that that could be achieved. Again, that's all subject to when we receive environmental assessment approval and when we receive the funding required to move ahead.

Mrs. Laura Albanese: So just to be clear—

Mr. Robert Prichard: So, 2014 to complete the environmental assessment, if we stay on course, and then a funding decision, and then add three years to go to market—have RFPs, have bidders—and complete the construction. If the environmental assessment is delayed, that pushes it out. If the funding weren't to be forthcoming, that would push it out. Then add three years, approximately, to do the actual construction.

Mrs. Laura Albanese: But in an ideal situation, if you finish the environmental assessment in 2014 and you add three years, the minimum time that this could occur in is 2017.

Mr. Robert Prichard: In 2017; exactly.

Mrs. Laura Albanese: Okay. The other thing I wanted to clear: There's an impression that in 2015, we'll have over 450, shy of 500, trains running on the corridor. In my understanding, that's not so.

Mr. Bruce McCuaig: The level of service that will be on the corridor in 2015 will be comprised of the Union Pearson Express trains that will be going back and forth, the existing Via service that's using the corridor, and the

existing freight service, and we will be increasing the level of GO service, but it's not at the fully mature level that will ultimately come out of what we call the "full build" in the later years. It is not the full amount of train travel in 2015.

At the same time, we're taking steps to make sure that all the infrastructure we're putting in place does a few things: that we're planning and building for future potential electrification. All the height clearances have been provided on the structures, for example; we're grounding all the stations so that when we electrify, it has already been done ahead of time. So we're trying to be prudent in making those investments.

We're also investing, in the Union Pearson Express, in tier 4 locomotives in terms of making sure that the emissions from those units are very low. In fact, the air quality that will be emitted from the rail corridor in 2015 will be lower than the historical air quality emitted from the corridor. We're also becoming the first transit agency that is moving towards the retrofit of our existing locomotive stock to tier 4 standards.

We're trying to do as much as we can to prepare for electrification and, at the same time, reduce the impact of our services on the community.

Mrs. Laura Albanese: Could you clarify between trips and trains?

Mr. Bruce McCuaig: I can. I don't have those numbers in front of me, but I can provide that information to you.

Mrs. Laura Albanese: Yes, could you please provide that to the committee?

The Vice-Chair (Mr. Rick Bartolucci): Great. Thank you very much.

This brings our time to a close. I, first of all, want to thank Mr. Prichard and Mr. McCuaig for a very, very good presentation. The openness of the answers was very good as well.

We will reassemble on Tuesday, November 26, to begin the selections of the official opposition. When they're finished, we'll move to the selections of the third party and, finally, the government.

Thanks very much. This meeting is adjourned.

The committee adjourned at 1002.

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