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**Wednesday 18 November 2015**

**Journal  
des débats  
(Hansard)**

**Mercredi 18 novembre 2015**

**Standing Committee on  
Public Accounts**

2014 Annual Report,  
Auditor General

**Comité permanent des  
comptes publics**

Rapport annuel 2014,  
vérificatrice générale

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

## STANDING COMMITTEE ON PUBLIC ACCOUNTS

## COMITÉ PERMANENT DES COMPTES PUBLICS

Wednesday 18 November 2015

Mercredi 18 novembre 2015

*The committee met at 1232 in room 151, following a closed session.*

### 2014 ANNUAL REPORT, AUDITOR GENERAL

Consideration of section 4.08, Metrolinx—regional transportation planning.

**The Chair (Mr. Ernie Hardeman):** We'll call the meeting of the Standing Committee on Public Accounts to order. We're here for consideration of section 4.08, Metrolinx—regional transportation planning, of the 2014 annual report of the Auditor General.

### MINISTRY OF TRANSPORTATION

#### METROLINX

**The Chair (Mr. Ernie Hardeman):** We have here delegations from the Ministry of Transportation and from Metrolinx. We welcome you and thank you for being here this afternoon. We'll have 20 minutes for your presentation, and then from there on we'll start with 20-minute rotations with each caucus. At the end of it—at the second round, we'll decide how much is left in time and we'll divide it equally to the caucuses.

We do ask, as you start your presentation, that you introduce yourself for the Hansard. The reason we do it that way is that we want to make sure it's copied in the Hansard right, and chances are that if I did it, it might not be quite the way it was supposed to be.

We thank you very much for taking the time to be here today, and with that, we'll turn the floor over to you.

**Ms. Carol Layton:** I'm Carol Layton, the Deputy Minister of Transportation. I'll start off and then Bruce will follow.

First of all, thank you very much for allowing us to be here. I do want to talk briefly about Metrolinx and the ministry in the context of our working relationship and the work that we do with our respective and supportive mandates in delivering really good work in the province.

I'm a student of public administration, so I can't be in front of this committee and not say a few things about that. Over the course of my 35 years in the Ontario government, I've seen really good progress in our public sector accountability processes and the different ways of making sure our public resources are managed prudently.

All-party committees of the Legislature are an important part of our jurisdiction's accountability framework. This standing committee serves a key role through its review of the reports of the Auditor General as well as the review of the public accounts. As we all know, it's just part of good government.

I'd like to right now give an overview of MTO's relationship with its agency Metrolinx and some of the important work that's being done. After that, I will hand it over to Bruce to address the work of Metrolinx.

As well noted in the AG report, Metrolinx is an agency of the Ontario government, enabled through its act, the Metrolinx Act of 2006, with the purpose to plan for and implement an integrated multi-modal transportation network in the province, certainly in the greater Toronto and Hamilton area.

The importance of the agency is really clear when I cite the following statistics: We've got a population of 13.7 million people in the province of Ontario, we have over 12 million registered vehicles in the province of Ontario, and we have over nine million licensed drivers. The people of Ontario like their vehicles, and with the vast geography that they have, they're very much dependent upon being in cars, light-duty trucks and other motorized vehicles. Therefore, given that we have the greater Toronto and Hamilton area, even with great transit options, we are still dealing with, of course, disabling congestion and also one of the fastest-growing urban areas in the region. The role of Metrolinx is key in addressing mobility, accessibility and connectivity in the region.

MTO's mandate covers the full geography of the province. We oversee \$80 billion of transportation assets in the province. That includes our 29 remote airports and about nine ferry services as well. Our focus is on improving highway and bridge infrastructure, improving road safety, increasing transit ridership, and promoting a multi-modal transportation network by making transit and transportation investments that promote economic opportunities, support a higher quality of life for the people of the province and improve the natural environment through reducing greenhouse gases.

In our relationship with Metrolinx, MTO provides support to the minister in his oversight of the agency and in the timely delivery of government priorities and strategies. We're well involved in the many issues and files of the agency and we are the link to the various committees of cabinet for decision-making.

Our respective reporting relationships are well defined in our memorandum of understanding: the minister to the Legislature, the chair of Metrolinx to the minister, the CEO to the board through the chair, and the deputy minister to the minister. I've subscribed to that through all the different work that I've done in the many different ministries and agencies for which I've had the privilege of working.

In the ministry, we have a small office that's dedicated to supporting the minister and myself in our oversight roles. We also have a really good and close working relationship with the agency: monthly meetings that the chair and the CEO have with the minister and really frequent meetings on many different issues; formalized biweekly meetings with myself, the assistant deputy minister of our policy and planning division, John Lieou, who's here, and with Bruce as the CEO of the agency; and biweekly meetings between the Metrolinx CEO, our executives and the minister's office and our respective communications teams.

At the branch level, we have a number of standing meetings that occur between MTO directors and managers and Metrolinx counterparts—everything from operations to capital planning to policy issues. So we are very well supported in the work that we do within the ministry and also working with the agency.

In the near future, we are going to be developing—we have well under way a rail coordination and advisory branch which will provide even more support to the minister in his oversight of major capital transit and rail projects under the Moving Ontario Forward strategy, in particular regional express rail, which is, of course, one of the most transformative initiatives that we have in the greater Toronto and Hamilton area.

In all of what I've just said, you can see that we've got a well-defined governance relationship. We also have a funding relationship with the agency. In addition to funding the capital program for Metrolinx, MTO provides an annual subsidy to cover the agency's shortfall, but I say that noting also that GO Transit's operating division operates at a cost-recovery ratio of about 80%, which actually makes it one of the most efficient transit operators in North America.

In the spring of 2014, the Premier announced the province's plan to build an integrated transportation network across the province, Moving Ontario Forward. The 2015 budget increased the commitment to \$31.5 billion over 10 years. A priority under that is transforming the GO network into regional express rail, and that service will provide faster and more frequent service on the corridors of the GO rail network, with electrification of some of the core segments. When I go back to the 12 million registered vehicles in the province and the nine million licensed drivers, with a great percentage of that in the greater Toronto and Hamilton area, you can certainly appreciate the need for getting more people out of cars and on to transit.

That will also be supported by the Presto fare card, which we have in the greater Toronto and Hamilton area

and Ottawa. As a Presto card holder, it's great to be able to use Presto increasingly on the TTC and to be able to fly to Ottawa and use that same card there, which is actually of great benefit as well. I will defer to Bruce to provide an update to the committee on regional express rail and Presto, but I just want to highlight the huge transformation that those two alone are providing to this region.

Before turning to Bruce, I want to speak briefly about alternative financing and procurement, which was also touched on in the AG's report. The key thing I want to say there is that almost 10 years ago I had the privilege to serve as the deputy minister to former minister David Caplan in his role then as the Minister of Public Infrastructure Renewal. You remember those days, Lou. We oversaw the creation of Infrastructure Ontario, now almost 10 years old. It brings, I would say, the best of private and public expertise together while transferring a significant amount of risk.

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I guess the point I'd make there is that as a ministry, we have many different ways of delivering capital projects in the province, but we have embraced the AFP model as well in some of our key investments, in particular some of our key highway projects. So I wanted to just acknowledge that and close off my remarks by once again saying thank you for the opportunity to be here this afternoon.

I will now hand it over to my colleague, Metrolinx president and CEO Bruce McCuaig.

**Mr. Bruce McCuaig:** Thanks very much, Deputy. As Carol indicated, my name is Bruce McCuaig. I'm president and chief executive officer of Metrolinx.

Thank you for the opportunity to update the standing committee on the progress that Metrolinx has made over the last year in achieving our mission to transform the region's transportation system. It was about four and a half years ago that the Auditor General was in reviewing Metrolinx and reported originally on this material, and about one and a half years ago that the Auditor General was back in doing their updates. So it's timely to have a discussion now on how much progress we've made.

Enhancing the prosperity, sustainability and quality of life of the greater Toronto and Hamilton area through transportation is a critical priority. We are planning, building and delivering hundreds of projects across the GTHA to move the region forward and to give people the transportation options they need to lead productive and fulfilling lives, now and in the future.

When Metrolinx was formed in 2006, we had a mandate to develop a plan, and a region in need of connectivity. We developed the regional transportation plan to guide the work that needed to be done to transform the transportation network.

Almost a decade later, we have made progress in building and launching services. Our work continues, and as projects progress, we plan, build and deliver more ways to move the region effectively.

This past year saw the achievement of major milestones in advancing our mission. One of the most

significant was the launch of the Union Pearson Express. Five years after being assigned responsibility for delivering an air-rail link, we launched our train service to the airport on June 6, on time and on budget. UP trains travel between Union Station and Pearson International Airport, making the trip in just 25 minutes, with departures every 15 minutes.

When the Metrolinx team was designing the implementation of the new line, four objectives were established: first, to deliver the project on time and on budget, and this was accomplished; second, to provide a reliable customer experience—this, too, has been achieved with an on-time performance of 96.7% over the first five months of service. Our average trip time is 25.41 minutes. The third objective was to provide a high level of customer satisfaction; 87% of riders have said they are likely to use the service again and 85% would recommend the service. Our fourth objective was to achieve the ridership target of 5,000 average daily passengers at the end of the first year of operation in June of next year. As of October 31, our weekday ridership had increased by 12% compared to August, consistent with seasonal passenger variations at Pearson airport. We still have more work to do to achieve our objective for June 2016, but I'm pleased to report that progress is being made.

The frequency of service that UP offers would not have been feasible without the infrastructure improvements delivered through the Georgetown South project over the last five years. This series of complex infrastructure projects included six grade separations, 16 bridge modifications and major track construction, civil works, signal installations and utility relocations.

These improvements also enabled us to offer increased service along the Kitchener GO line. On September 14 we introduced 14 midday weekday GO trains between Brampton and Toronto as a result of the substantial completion of the Georgetown South project. These 14 new train trips provide a total of nearly 20,000 seats every day for our customers. As we improve infrastructure and acquire equipment, our service planning team is in step, utilizing resources to help meet demand.

This summer, GO Transit played a major role in providing transportation options during the 2015 Pan Am/Parapan Am Games. Ridership on GO's Lakeshore line surged during this time, with approximately 370,000 trips attributed to games travel, representing a 25% increase over last year's ridership.

Our challenge continues to be to keep up with regional growth and the demand for more GO service. We are working to bring regional express rail to the GO network, a program that will provide significant new travel choices across the GTHA. Over the next 10 years, RER will transform the existing GO commuter rail service into a system providing, in core areas, electrified service with 15-minute frequencies, service in both directions throughout weekdays, in evenings and on weekends, and a mix of all-stop and express service to meet demand and to reduce travel times.

Over the past year, work has begun to further define RER, including developing a service concept, infrastruc-

ture plan, phasing plan and public engagement plan. Metrolinx has also undertaken a business case analysis to ensure that our decisions optimize the performance of the system and are based on evidence.

Implementing regional express rail in the region is one of the largest and most complex infrastructure projects in North America. The project affects seven operating rail corridors travelling over 8,000 square kilometres that carry both freight and over 200,000 daily commuters through more than 30 municipalities. Estimates suggest that it will require more than 60 station renovations, 130 bridge expansions, four rail-to-rail grade separations, 150 kilometres of new track, 500 kilometres of overhead catenary, 15 rail-to-road grade separations, property acquisitions, and improvements to GO technology and maintenance facilities.

Work is under way on some projects that support RER, including double tracking on the Stouffville and Barrie lines, and work on the Union Station signaling system. Phasing of RER delivery will consider business case analysis, ridership growth, sequencing of infrastructure projects and other factors, such as integrating with mainline freight rail operations through Hamilton, Brampton and on the Milton corridor.

Metrolinx is a North American leader in the use of comprehensive cost-benefit analysis to shape investment decisions. Since 2012, Metrolinx has continued to refine its analytical framework, as recommended by the Auditor General and subsequently outlined in the investment strategy and the transit advisory panel recommendations.

We are always assessing processes and operations to ensure that we provide the region with the best value for money. For instance, Metrolinx introduced a capital project approval policy in 2013, which requires an upfront assessment of the proposed method of delivery and assessment of project risks and action plans to address the risks identified. We have a good track record of delivering projects across the entire program to within 5% to 7% of the tender price. These financial results place Metrolinx in the upper echelon of organizations delivering major capital infrastructure.

With the growth of Metrolinx programs and the increasing complexity and scale of Metrolinx procurements, we identified the need to transform the procurement function. As we continue to gain experience with alternative financing and procurement projects, we are utilizing our continuous improvement processes to refine our methodologies for AFP infrastructure development. This is evidenced most recently in the Eglinton Cross-town project, where risk factors from the TTC's Spadina subway project were considered in the evaluation of project risk. Metrolinx is committed to the continued utilization of these and other learnings for subsequent major procurements.

The Crosstown is truly a project in its own level of complexity and size. Eglinton has a capital construction budget of \$5.3 billion, which grows to \$9.1 billion when we factor in maintenance and life-cycle costs over the 30 years of the concession term. When you look at the

makeup of the qualifying teams that were bidding on the Crosstown project, they were such a diverse range of domestic and international firms. Basically, they were assembling a significant component of the marketplace in terms of teams that were brought together to respond to those offerings.

The contract for delivery of the Crosstown stations and stops, as well as track works, signaling, communications and other required infrastructure for the new LRT line, reached commercial and financial close this summer. Work will begin on stations in the coming months.

The tunnelling, however, is well under way. In April, the first two tunnel boring machines, called Dennis and Lea, reached Allen Road, were lifted out of the ground and lowered back into the ground east of Allen Road to continue their journey to Yonge Street. The second pair of tunnel boring machines, called Don and Humber, began their journey westward in September, marking another milestone towards the completion of the new LRT. We are on target for completing the tunnels at the end of 2016.

While rail certainly gets a lot of attention, bus service is often the unsung hero of our regional network. We have a bus rapid transit program in two places in the region, including York region for the York Viva rapid-way program and the Mississauga Transitway in the city of Mississauga. The first segments of these projects have been opened on time and in some cases ahead of schedule. We're tracking to the delivery of these projects on budget.

We continue to work with our partner transit systems to further strengthen our existing regional transit network.

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Beyond our ongoing work on service integration, we are focusing our efforts on the long-term goal of a seamless, integrated fare for the GTHA. This means that transit travellers across the region would have a consistent approach for calculating and paying their fares, regardless of where in the GTHA they were travelling and which transit service they were using.

Fare integration can be as transformative as infrastructure projects, resulting in better transit choices for customers and a better overall regional transit network. We want to make crossing municipal boundaries and switching between transit systems simple and hassle-free. Our work toward a region-wide fare strategy is key to the success of this major project.

The Presto smart card system lays the foundation for fare integration by offering a common and modern method of payment throughout the region. Presto is a state-of-the-art fare payment system that allows customers to travel seamlessly and more conveniently, in line with cards used in other global cities. Presto is now available on 11 transit systems in the GTHA.

The deployment of Presto devices across the TTC by the end of 2016 brings us one step closer to completing geographic coverage across the entire region. As of this

fall, Presto had 1.7 million customers and continues to add 35,000 new customers per month. As devices are deployed on the TTC, there will be a significant growth in customers, estimated at an additional 1.8 million by the end of 2017-18.

In an ongoing commitment to public accountability, we consulted the firm Grant Thornton LLP for a value-for-money assessment of the TTC project. The overall conclusion was that the implementation approach demonstrates value for money and represents the most effective approach to achieving the long-term objective of integrating transit while minimizing issues/risks and financial costs.

Thinking forward is at the core of what we do. To ensure the sustainability of the regional Presto system, we secured an agreement with the Presto contractor regarding ownership of the Presto and Presto Next Generation systems a few years ago. However, the original 10-year contract with our vendor ends in 2016. We have already begun the process to evaluate procurement options, with the objective of having a new contract in place next year. As a first step, we have moved to in-source various elements and separately procure other elements of the existing contract.

All of our work since 2009 can be linked back to the regional transportation plan and the significant public consultation that was engaged in at that point in time. While Metrolinx and its partners in the region have been working to implement projects and initiatives envisioned in the plan, we have also been conducting research and analysis to ensure that emerging factors are considered in our planning.

It was recognized when Metrolinx was created in 2006 that our regional transportation plan should be regularly reviewed in order to ensure that it continues to reflect the transportation priorities of the region. Last spring, we began the process to formally review the regional transportation plan. Engagement with municipalities and key stakeholders is an important part of this process, and is already under way.

On a project-by-project basis, provincial, regional and municipal stakeholders are routinely consulted as part of project planning, including reporting on a quarterly basis on the status of individual regional transportation projects. We are developing tools and approaches that will help us raise awareness of what we're doing, most notably—

**The Chair (Mr. Ernie Hardeman):** We'll have to stop you there. Hopefully, the rest of it can be answered in one of the questions.

**Mr. Bruce McCuaig:** I came close. Thank you very much.

**The Chair (Mr. Ernie Hardeman):** Thank you very much for your presentation. We start the questioning with the third party. Ms. DiNovo.

**Ms. Cheri DiNovo:** Welcome, both of you, to this committee.

The Auditor General summarized a few things in audit findings, and I just wanted to get your initial reaction to them. I'm going to highlight a couple of them.

She pointed out that without long-term, sustainable funding, the regional transportation plan, which was your original mandate—to go back to 2008 with Metrolinx adopting the Big Move, really, your mandate was to provide the regional transportation plan: building more than 1,200 kilometres of rapid transit and getting 80% of GTHA residents within two kilometres of that rapid transit.

She has concluded that without long-term, sustainable funding, this could not be implemented, and that even the \$50-billion estimate may well prove low. That's one of her findings.

The other finding that jumped out at me was that Metrolinx lacked clearly defined targets for the overall achievement of the RTP, and that one of the problems was simply getting buy-in from the municipalities. Municipalities were doubtful that you could actually act objectively as the GTA's central planning authority. What are your initial reactions to that?

**Mr. Bruce McCuaig:** In terms of the long-term financial sustainability to achieve our transportation plan, there's no question that this is central to achieving the objectives of better mobility for the people in this region.

A significant step was taken with the commitment of the funding by the government of over \$30 billion towards transit and transportation systems across the province, as well as the commitment of approximately \$16 billion here in the greater Toronto and Hamilton area. That became the foundation for the regional express rail program with a capital construction budget of \$13.5 billion. That's on top of the projects that have already been funded in terms of the Eglinton Crosstown, the Mississauga Transitway, the York Viva Rapidway; a good variety—

**Ms. Cheri DiNovo:** So the money is coming from the government?

**Mr. Bruce McCuaig:** We have a wide variety of funding committed to projects. Is there more to be done over the remaining 20-odd years of the plan? Absolutely, but we have about 10 years of strong, committed funding that allows us to make significant progress towards the program—

**Ms. Cheri DiNovo:** Okay, if I could just interrupt there, Mr. McCuaig. The TTC publishes a 10-year capital spending plan showing exactly which projects will be built over the upcoming 10 years, when construction will take place, and how much they'll cost. I've actually asked for this. I asked for this when Minister Del Duca first was assigned that post in the ministry and I asked for that last year from Metrolinx. I didn't get anything.

Why, unlike the TTC, is Metrolinx unable to provide such basic information? This goes to your defined targets and your overall achievements.

**Mr. Bruce McCuaig:** We have project information contained on our website that goes through all the approved programs and projects that are in the capital budget at this point in time. You can find information on our website that speaks to regional express rail, that speaks to Crosstown, that speaks to all of these other projects:

It identifies the timing for the implementation of the program and the work that we're doing with municipalities and other partners to deliver on those projects. We do—

**Ms. Cheri DiNovo:** The sad reality is that we looked at the website and we didn't find it there.

Moving on, the government plans to spend about \$16 billion on Moving Ontario Forward projects within the GTHA over the next 10 years, but according to the Globe and Mail, the government has found only half of the permanent revenues needed to fund these commitments. Where is the other half coming from?

**Mr. Bruce McCuaig:** From my perspective, what's important to Metrolinx is that the province has committed \$16 billion towards our program. In terms of how the province determines its priorities in terms of funding that, maybe I'll refer to the deputy minister to speak to that component.

**Ms. Carol Layton:** Sure. I can give assurance that that full amount has been accommodated in the fiscal plan. We do the fiscal planning on a multi-year basis, and capital planning on a multi-year basis as well. The funding for Moving Ontario Forward is coming from a number of sources, some of which are, for example, dedicated gas tax funding, which was announced in the budget, and there are some other sources—some new revenue sources as well, as well as the fact that the government will be accommodating it through its ongoing fiscal planning and its borrowing program.

**Ms. Cheri DiNovo:** Okay, so the Globe and Mail is incorrect on that?

**Ms. Carol Layton:** The Globe and Mail could be better informed.

**Ms. Cheri DiNovo:** They'll be happy to hear that.

I'm going to start in on the Union Pearson Express. It rides through a number of our ridings. It doesn't provide transportation to our residents. It could have provided a relief line; it could have stopped a number of times; it could have been powered by electricity instead of diesel; it could have had sound walls put up to protect our residents from the noise of construction, the damage to their homes and now the bells that ring every 15 minutes.

But that's not what I'm going to talk about. What I'm going to ask is a very simple question: If I'm a business traveller and I need to get from the airport to anywhere in Toronto and I get to write off my travel expenses, as we do and as most business travellers do, why would I take the Union Pearson Express?

**Mr. Bruce McCuaig:** I think the key value proposition that Union Pearson Express offers is a number of factors, the first one being reliability. You get a committed trip in 25 minutes from downtown Toronto—

**Ms. Cheri DiNovo:** A cab is pretty reliable, and it's right there.

**Mr. Bruce McCuaig:** —in 25 minutes from downtown to Pearson, and we've all gone in a cab or a limousine or a personal vehicle from downtown Toronto, and we always have to project—

**Ms. Cheri DiNovo:** It's not point-to-point. Unless you live at, or your aim is, Union Station, it's not point-to-point.

**Mr. Bruce McCuaig:** I think my point is that from downtown Toronto, for the first time, we have a reliable travel time that we don't have to budget an hour, hour and a half, two hours, depending on the time of day, to get from downtown Toronto to Pearson airport. I believe that's a significant factor in reducing the stress of people who are travelling, whether it's for leisure or for business purposes. So I think that's one clear value proposition.

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A second value proposition is that it's not dependent upon external factors, like if there was a collision or crash on the Gardiner Expressway that morning or whether there are weather conditions that slow up traffic. It's, again, that committed trip that provides you an extension of what your air travel experience is, so that it reduces—we all know that travel is one of the most stressful things that we can do. It helps to reduce that amount of stress in terms of that trip of coming to your destination.

The final thing I'll say is that Toronto is a global city. When we look around the world at other global cities, dedicated air-rail links from their airports to their downtown are part of the equation. When we look at places like London, Vienna, Oslo, Tokyo, all those kinds of locations have these kinds of dedicated air-rail links—

**Ms. Cheri DiNovo:** I'm going to interrupt you again there, sir. They do and they're cheaper and they also have transit systems that provide relief lines through their downtown to the people who live in the areas that those trains pass through. So it's very, very different—apples and oranges.

What is the forecasted annual operating cost of the Union Pearson Express?

**Mr. Bruce McCuaig:** I don't have that information with me, but—

**Ms. Cheri DiNovo:** Could we make a note to please get that information, Erica? Thank you. How much of this is basically fixed and how much is variable depending on the ridership? I also would like that information, if I could get it.

I just want to point out that it's rather surprising that you don't have the annual operating costs of the Union Pearson Express. Is this not pretty basic information? I don't know. Call me crazy, but I think it's pretty basic information.

The Metrolinx May 2013 ridership report posted on its website inexplicably redacts the fare information against which ridership was projected. But thanks to Bonnie's report, we now know that this ridership forecast was based on a \$29.95 fare. We also now know that the actual Union Pearson Express fare is \$27.50, with several other discounts available. The ridership forecast expected 1.81 million passengers a year in 2016, based on that \$29.95 fare, and 1.81 million passengers per year is about 5,000 passengers per day, which remains your goal for 2016, according to the report.

Am I right, then, in understanding that Metrolinx's ridership forecast remains unchanged from the May 2013 numbers, even though you've reduced the fare?

**Mr. Bruce McCuaig:** Yes. Our objective continues to be that we will achieve 5,000 average daily passengers by the end of the first year of operation. That continues to be the objective that we're working towards for June of 2016.

**Ms. Cheri DiNovo:** Okay. So far, though, ridership has fallen to about 2,500 riders per day. On page 498 of the Auditor General's report, Metrolinx told her last year that it hopes to break even when the system reaches maturity by 2018. However, the September 2015 report says that Metrolinx now expects to reach maturity in the next three to five years, which is more like 2020. Am I correct, then, in understanding that the maturity date for the UPX has been pushed back by two years?

**Mr. Bruce McCuaig:** Absolutely not. I think that I can say that I have consistently communicated that we're working towards ramping up our ridership over a number of years. Like any new service, it takes time to build awareness. We can just think of our own experience in travelling to the airport. Until you try a new system, you continue to take whatever has worked for you in the past, whether that's getting there in a taxi, limousine or a car. We believe that, as we increase our exposure in the marketplace, we'll have growing ridership and, over three to five years, we'll be coming to the point—

**Ms. Cheri DiNovo:** Even with the shared ridership of competitors like Uber—much as we're trying to regulate them—and getting close to \$60 for two people going on a leisure trip who could easily travel cheaper, again, in a cab coming from downtown—I pointed out the business traveller. The simpler reality is that these, as they're called now in our ridings, “ghost trains,” are passing through virtually empty. But anyway, we'll continue on. When will it break even? When do you project that it will break even?

**Mr. Bruce McCuaig:** To be clear, we offer a \$19 fare for people who are using their Presto fare card. When you think about the average cost of a taxi or limousine from the Royal York, right in downtown Toronto, to Pearson, it is in the order of \$60 to \$75. We believe that we're providing a very competitive alternative that will attract people to the service. Again, our objective is to—

**Ms. Cheri DiNovo:** If you're staying at the Royal York. If you're staying anywhere else, not so much. But let's go on. Could you please tell us when you expect to break even?

**Mr. Bruce McCuaig:** As we've articulated before, our objective continues to be to achieve 5,000 average daily riders by June 2016 and to achieve cost recovery on the operating side in the first three to five years of operation.

**Ms. Cheri DiNovo:** So if you get 5,000 riders, you'll break even, but what happens if you don't?

**Mr. Bruce McCuaig:** Again, to achieve break-even status in the first three to five years, 5,000 riders will not get us to a break-even point. But we do anticipate that if

we meet our ridership objectives over that three-to-five-year period, we will not have any operating costs coming from the rest of the network or the system.

**Ms. Cheri DiNovo:** What is your deficit going to be in this first full year of operation?

**Mr. Bruce McCuaig:** Again, I didn't bring that information with me.

**Ms. Cheri DiNovo:** Again, I would point out to the committee that that's pretty basic information that we should have. If you're operating anything, you need to know what it costs, and you need to know what you're losing and what you're gaining. I definitely want that information. That should be forthcoming. These are taxpayers' dollars we're talking about.

Moving on, I wanted to talk about some of the bigger issues here. How many minutes do I have left, Mr. Chair?

**The Chair (Mr. Ernie Hardeman):** You have about seven and a half minutes left.

**Ms. Cheri DiNovo:** Oh, cool. I want to move on to the Eglinton Crosstown. How was the public sector risk assessed for the Eglinton Crosstown P3? Did Metrolinx and Infrastructure Ontario use the TTC's actual performance as a comparator or GO Transit's or some "industry standard"?

**Mr. Bruce McCuaig:** We reviewed the performance in other similar projects, such as the Spadina subway extension, to identify the kinds of risk factors that can be experienced in projects of this nature. Our objective was to make sure that the value-for-money assessment that was considered by Metrolinx and Infrastructure Ontario, and ultimately the province of Ontario, reflected the full range of risks that could be experienced in terms of schedule, in terms of budget and in terms of other factors, and try to price those risks between a public sector delivery model versus an alternate finance and procurement delivery model. So, all those factors were built into that process.

**Ms. Cheri DiNovo:** Okay. I want to note to the committee that we in the NDP asked to see the detailed risk assessments used to justify P3—that is, private-public partnership—procurement for the Eglinton Crosstown, as well as the methodology for assessing those risks, and we got back 2,500 blank pages. Instead of 2,500 blank pieces of paper, I would like to see what those risk assessments were, how they were assessed, etc.

How can we confirm that Infrastructure Ontario is actually refreshing its methodology when, again, it refuses to disclose that methodology to the public?

Will Metrolinx and Infrastructure Ontario publish the detailed—this is further to that—risk assessments and methodologies showing where the numbers and the published value-for-money summaries come from, so that independent experts can replicate the results and prove that these numbers haven't just been pulled out of the air? Are you willing to do that?

**Mr. Bruce McCuaig:** We believe that the methodology that has been used is a comprehensive methodology, and we continue to look, again, at other jurisdictions to see how they've done this kind of work, to make sure we

can continue to import lessons from other places. We believe that we're using a comprehensive methodology. I accept that—

**Ms. Cheri DiNovo:** Mr. McCuaig, I would love to believe you, but without anything to back up anything you are doing to arrive at those figures, we don't even know what methodologies you're using. These are taxpayers' dollars. I'm going to reiterate this: You're working for us, so we would like to actually see those. We would like not to have blank pieces of paper but would actually like to see those. If you could provide them—and provide them to the public that pays your salary—that would be wonderful.

In fact, just to make the point, we don't even know the true scope of the Eglinton Crosstown contract. Not only has the contract not yet been published, but the RFP has not been fully published, including the schedules that outline the scope of the contract. So I'm going to ask you this too: Will Metrolinx make the contract and the full RFP available to the public? And I would ask that from Erica as well.

Do I have some time?

**The Chair (Mr. Ernie Hardeman):** You have about four and a half minutes.

**1310**

**Ms. Cheri DiNovo:** Okay. Yet another question: Under the Eglinton Crosstown P3 contract, a private contractor will be in charge of maintenance for 30 years, but I understand that Metrolinx has offered to let the TTC operate the Eglinton Crosstown for just 10 years. The question is, what happens after those 10 years?

**Mr. Bruce McCuaig:** Our objective is to build a performance-based contractual arrangement with the Toronto Transit Commission that will set in place the kinds of performance standards—the level of service that we would expect to provide to our customers. That would be based upon a negotiation that we would have with the city of Toronto and the TTC.

We think a 10-year term is an appropriate initial term for operating, and provides the opportunity to have a review of those contractual arrangements after a 10-year horizon. An operating environment is a different environment than the long-term maintenance of a facility. We believe that the long-term maintenance of a facility—you can plan ahead over a 20- or 30-year concession period, include appropriate provisions for the hand-back in good quality at the end of the concession. We believe it's a different kind of arrangement that you would put in place for maintenance than you would for operating.

**Ms. Cheri DiNovo:** Going back to one of the auditor's findings about your relationship with municipalities and the ability to get together on projects and to get anything in the works at all—again, I'd like to hear how that's going to change in the future.

**Mr. Bruce McCuaig:** I would just look at our track record in terms of delivering the Mississauga Transitway and the York Viva rapidway in Markham, and our work in terms of delivering more GO Transit service. We've

been growing GO Transit bus and rail services at 4%, 5% or 6% year over year.

**Ms. Cheri DiNovo:** What about the city of Toronto, though? What about the Scarborough LRT versus subway?

**Mr. Bruce McCuaig:** We have the Eglinton Cross-town that's under construction right now in the city of Toronto, and we're working to bring to market the Finch West light rail transit project as well.

So we have a variety of places where we're making what I believe to be great progress.

We have 26 subway stations that are Presto-enabled at this point in time, and by the end of this calendar year we'll have the entire legacy streetcar fleet Presto-enabled.

We are working in partnership with the municipalities across the board to deliver what I believe are really good results for customers.

**Ms. Cheri DiNovo:** One last quick question before my time is up: What is the current anticipated cost of developing and operating the original Presto system and the Presto Next Generation system?

**Mr. Bruce McCuaig:** The original capital cost for operating the initial system was \$189 million for GO Transit and 905 properties, and that basically is the cost that it was delivered for.

In terms of Presto Next Generation, the additional cost of keeping the system up to date over the 10-year period was an additional \$187.1 million.

**Ms. Cheri DiNovo:** Is that what you projected originally?

**Mr. Bruce McCuaig:** The \$189 million was the original cost of the deployment to GO and 905, and that's what it was delivered for. The \$187.1 million was a negotiation based upon the kinds of additional services that we wanted to build into the system. For example, when the initial contract was procured in 2005-06, there was really no scope or understanding of features like open payment and mobile payment. They weren't really in the marketplace at that point in time. So those were new elements that could not have been estimated because they were not forecasted in the—

**Ms. Cheri DiNovo:** You're aware the Auditor General called it the most expensive system of its kind in the world. What do you think about that?

**Mr. Bruce McCuaig:** Well, my view is that when you look at similar systems in scope, in size and the number of agencies that are involved—remember that this is a service that operates in an environment with 10 transit agencies here in the Toronto region, one in Ottawa. When we look at places like London and the Netherlands that have similar scope of services, they have similar costs or higher costs in terms of the delivery of their Oyster card, or their chip card, in the case of the Netherlands.

**Ms. Cheri DiNovo:** She also said the cost—

**The Chair (Mr. Ernie Hardeman):** Thank you very much. That concludes the first 20 minutes—

**Ms. Cheri DiNovo:** Oh, we were just getting started.

**The Chair (Mr. Ernie Hardeman):** I just wanted to stop on that one. We're going to have a look at the Netherlands, and I like that idea.

The government side: Mr. Fraser.

**Mr. John Fraser:** Thank you very much for being here today.

I want to talk about two of the Auditor General's recommendations here. The first one I want to talk about is number 10, and that's with issue to municipalities: How do you do regional planning and effectively build cities? Transit is really the heart of city-building if you look at it the right way. We just saw what happened in Brampton recently.

I come from the city of Ottawa. I know you're aware, Mr. McCuaig, that we had a north-south light rail project, where the municipality, at the behest and with the support of the federal government, cancelled a plan that was a few years in the making and set back transit planning in the city about five years.

I see the recommendation. How do you actually make that work? The vagaries of having a number of elected bodies that change on a regular basis—sometimes, and maybe not fully change—how do you manage through that?

**Mr. Bruce McCuaig:** Thank you for the question. I would say that there are a couple of ways in which I would respond to that.

First of all, it's the nature of how you approach the planning in the first instance and how you engage with the municipalities and the communities that are involved in the ultimate delivery of the project. We have to remember that we are building transit systems that are going to operate on municipal roads, under municipal roads and in municipalities, shaping their communities, so we need to make sure that when we're developing the plans, we're working in close partnership with the municipalities. I think that is the most important point, right off the start.

The second point I would make is that making your planning as evidence-based as possible, with a compelling narrative and a business case of why this project, over time, makes the most sense, is one of the reasons why we've invested so much in developing business case methodologies for the work that we do at Metrolinx and have applied, for example, in the regional express rail program. If we can develop a compelling and agreed-upon business case, so that people can see what is the value that's going to be generated, then I think that there is a greater likelihood that we will sustain the support of what is, in many cases, four orders of government over four, five, seven, or in some cases even 10 years, to deliver a project.

The final thing I would say is that the more we can look forward in terms of our decision-making processes—as governments make choices, I think it's important for governments to be thinking about what we are adding to the mix and about how we can contribute and add more infrastructure and services for customers, rather than necessarily going back and reviewing what choices

have been made in the past. I think that if we can have a consistent path forward, the public will feel more confident that we are actually making a real difference in terms of adding more choices and adding more infrastructure to deliver more services.

Those are a few factors that I think are really important.

**Mr. John Fraser:** Thank you very much. Just as a quick comment: When we're looking at transit—I know we're looking at immediate impacts right now, and I want to talk a bit about the UP Express—it's a bit like planting a tree. You don't plant the tree for next year or three years from now; it's really 15 or 20 years.

When I take a look at the example in Ottawa of the O-Train, which I think is about 15 years in existence, I know that when it was first discussed they called it the "cuckoo choo-choo" or the "no-train." It was the subject of a lot of derision. The reality now, 15 years later, is that in my community it has developed an area of student housing. It has connected people better to the downtown. They've put additional track in. They've added more trains.

Back to my point—I want to bring this back up again when we discuss the UP Express—that sometimes we don't see the results of what we're doing for longer than we actually put our numbers on.

Two comments about the UP Express: I have taken the UP Express. I actually used to take the Rocket and the subway, because I didn't want to spend 45 minutes to an hour in a cab early in the morning and spend \$60 or \$70. I felt it just wasn't a good use of resources. Subsequently, I do fly to the island more than I go to Pearson, but it has allowed me to go back to Union-Pearson. My choice was to either go to the island or take the train and then Pearson. That's how it fell for me, and that made that difference. I think that there's value in it.

I do have a concern with regard to increasing that ridership, but more specifically at the airport itself. I found some challenges around how easy it was to locate, to see. That might be a bit of a factor for me, but I like to look at myself as the average person. Has that been something that you've looked at, a concern that has been raised or something that you're addressing?

**Mr. Bruce McCuaig:** Thank you for that question. First of all, I would agree with you that we're building legacy infrastructure that's going to serve this community for 30, 50 or in some cases 100 years. The first five months are the first five months. It's really important to get services off the ground effectively. I think that we have done that with the kind of performance that we've seen with the service.

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But we're building ridership for the long term. Any time you introduce a new product, you're introducing that new product to a marketplace, and it takes time for a marketplace to respond.

In terms of way-finding and the signage, or the location of the Union Pearson Express station at Pearson airport, one of the critiques that we have received from

our customer base is that the airport is a complicated place—I think we all know that. Particularly if you're coming from another jurisdiction and it's your first time to the Toronto region, navigating the airport itself can be challenging.

We've worked very closely with the Greater Toronto Airports Authority to take what was our original plan for way-finding and enhance it as we got some feedback from our customers. We have invested significantly with the airport authority to improve the way-finding. As we've done that, we've found that that area of feedback has virtually been eliminated. More and more people feel comfortable, I believe, because we have not been getting that feedback from customers. It's more easily findable within the airport.

We've also done a couple of things at the airport itself. We have opened up a booth that's right in the arrivals hall in Terminal 1. As soon as people come out of the baggage claim area, there's a booth right there for Union Pearson Express, so that people can go right up to it, find out how to get to the station, purchase their ticket and get information on how to navigate into the city. We've also put mobile sales positions in the baggage hall itself, so if people want to approach a staff person to purchase a ticket at that point, then we're giving them that option as well. So we're trying to make it as easy as possible.

The last thing I'll mention is that we've also worked out an arrangement with Air Canada so that, on their longer-haul flights, they will actually sell Union Pearson Express tickets on the flight itself as they're selling other products to the people who are on the airline. We're building partnerships with other airlines to have similar kinds of features.

We're trying to make it as easy as possible for the public to find out about the service, purchase access onto the service, and to navigate their way to get to the station itself.

**Mr. John Fraser:** Thank you. Very quickly—I think my colleagues have a few questions as well—I come from a retail background. That change in customer behaviour is a challenge for all businesses, governments and transportation organizations.

But I want to ask you a question about your ridership numbers and the level of confidence that you have in ensuring that you're going to meet those numbers, and any comments you have around that.

**Mr. Bruce McCuaig:** Absolutely. As I indicated in my opening remarks, we've seen a growth of 12% in our weekday ridership since the summer. We've been trying to track our ridership against what's happening at Pearson airport as well, because as you can imagine, as the air traffic volumes increase or decrease in different seasons of the year, so will our traffic increase or decrease. We've been seeing that our growth is mapping with the airport's changes as well.

We are confident, as we build more awareness of the service, that we will grow our ridership. The feedback that we get from the customers who have used the service is that once they've tried it once, they are coming back to the service.

We are offering a variety of different marketing opportunities to introduce people to the service for the first time. For example, over the balance of this calendar year, we're offering a "buy one, get one free" offer for customers. The whole idea is to introduce people for the first time, to make that first trip, so that once they've experienced the service, and experienced the reliability, the reduction in travel time, the quality and the comfort of the service itself, they'll keep coming back to it. Not only that, but they'll talk to their friends and family about it as well.

A key part of this is building relationships with large purchasers of tickets, whether that's employers or conventions. We've signed deals now with about 70 companies where they are marketing the product to their employees, as well, because they see the benefit, both from a time and a financial perspective, in terms of getting people to and from Pearson airport as quickly as possible.

**Mr. John Fraser:** Thank you very much.

**Mr. Bruce McCuaig:** Thank you.

**The Chair (Mr. Ernie Hardeman):** Mr. Dong?

**Mr. Han Dong:** I'm always ready to go when it comes to Metrolinx. It's very important for my riding of Trinity–Spadina, as you can imagine. There are a few concentrations of residents.

I want to talk about the TTC/GO fare pilot program that you introduced recently. I have to confess that when I first heard about it a year or so ago from the local councillor, I wasn't sure how well it was going to do, what kind of relief it would give to an area like Liberty Village. After I heard about how much it is, how exactly it was going to work and, later on, the news reports on that, I couldn't help but start wondering, do we have any plan going forward—I understand it's a pilot project, and that's why we call it "pilot": Let's test the water and see what works and what doesn't. What's the plan for next steps? I ask this question not just for myself, but also on behalf of the Liberty Village BIA. I met with them recently. They were quite concerned about getting people into and out of that area. They think it's a good tool, and if we price and market it right, it may work for the area.

**Mr. Bruce McCuaig:** Thank you for the question. Yes, last winter we launched a pilot where there is an integration option between the TTC and GO Transit in terms of the fares. Basically, the way it works is that people who have a Metropass—and we purposely scaled this pilot, because pilots are just that, pilots and on a small scale, to Metropass owners. It's not people who are using tokens, tickets or other means of accessing the TTC, but the Metropass owners, those who are travelling between Exhibition station and Union Station and between Danforth station and Union Station, to have a reduced GO fare when using a Metropass. The way it works is they basically purchase a sticker that goes on top of their Metropass.

We expected that it would be a relatively self-contained pilot, and it has proven to be, but we've gained important knowledge about how people value the time

and convenience factor of having a quicker, less congested trip into downtown Toronto with the price, and that goes into our thinking in terms of the work that's under way on fare integration more generally in the region.

I would say the pilot has done its job in terms of introducing a new kind of product and determining what kind of take-up we get from the public on it. It's given us some valuable information in terms of, as we move ahead with our plans to develop a proposal for regional fare integration, how we actually make that work between the TTC, which has a long history of having a flat fare across the entire city of Toronto, and GO Transit, for example, that has a fare-by-distance approach. We need to find a way of, how do we bring those two systems together effectively? So we're getting knowledge on that.

We reported to our board of directors in the fall in terms of our work on regional fare integration. Our plan is to take two or three models out to municipalities and transit operators in the public over the course of the winter and to bring some advice back to the board in the spring in terms of how we might move ahead with regional fare integration.

The big payoff for the Presto system, for example, is not only more convenience in how we use the system by having a card in our purse or wallet; one of the key benefits of the Presto system is moving ahead, having a foundation for a more integrated regional fare structure. I see this as a very transformative opportunity for how people navigate around this region going forward.

The pilot was a test of a certain arrangement. We're going to take the lessons from that test and hopefully apply some of those lessons as we come forward with our recommendations for a broader strategy for the region.

**Mr. Han Dong:** Thank you. I always feel that there has to be a mixed bag of tools to bring forward a solution to the congestion in that downtown area. If crafted right, this could be a very useful tool, so I encourage you to look into making sure it's affordable and it's feasible, because at the end of the day, it doesn't matter which level of agency is charging; the ratepayer is the same. They just want to get to work and back to their home in an affordable and timely fashion.

Thank you very much for the answer.

**Mr. Bruce McCuaig:** Thank you.

**Mr. Han Dong:** I'll pass it on to my colleague.

**The Chair (Mr. Ernie Hardeman):** Ms. Lalonde.

**Mrs. Marie-France Lalonde:** Thank you very much. I just wanted to share a little bit of my experience about UP Express. My riding is Ottawa–Orléans. Unfortunately, I couldn't fly to the island, so I had the great pleasure of going to Pearson. My return was also at Pearson, so I used my Presto card, and I was very happy that for \$19 I was able to get there. Actually, I was able to catch an earlier flight because of the excellent service that was given and provided.

**1330**

I also have to say to the member opposite that it was interesting when she commented on the cost, because I

had the great pleasure for the past 15 years of travelling abroad to London and Vienna, actually just recently, and if you compare £27 at \$2 a pound—about \$1.95; it depends on the exchange—you're looking at about \$54 or \$55 Canadian, which I had to pay from Heathrow to downtown London.

I think Toronto is a significant city when you talk about travellers. We definitely need the members of this Legislature, I think, to speak about it and maybe stop using Uber and start using public transportation. Having said that, what are the comments coming, in terms of general comments from people using—am I little bit biased right now because I really love that service? It has been actually very well received for me using it. So I'm wondering about comments that have come recently from consumers.

**Mr. Bruce McCuaig:** Again, as people have used the system, as they've learned about the reliability, the comfort, the door-to-door kind of service, the fact that if you're on the underground PATH network in downtown Toronto, you can actually get to Pearson without going outside, which in February is a pretty attractive thing to do in the city of Toronto, the feedback that we've gotten is that people are content and satisfied with the \$19 Presto fare.

I'll just make one other comment about the Heathrow Express, which is much more expensive than \$19 for a one-way trip. You don't actually get to downtown London. You have to actually then go onto the underground to get to downtown London. That's another fare on top of the Heathrow Express.

We're bringing people right into the downtown area. It's a very accessible location. In fact, in the greater Toronto and Hamilton area, the most accessible location that we have is at Union Station. Between the access to the downtown, the subway, Via service, the highways and the intercity bus companies, it's the most accessible location.

We've also forged partnerships with Via Rail, for example. Via is a sales agent for us for the Union Pearson Express. We are getting people who are booking their Via ticket from a city who are coming into Pearson for their flight out, and they're packaging it up with the Union Pearson ticket. In fact, I was walking through Union Station just recently and I met up with a family member who happened to be coming from Ottawa to catch a flight and that's how they were making the trip.

We believe that there is a lot of value proposition that we can add to make people's trip just that little bit easier.

**Mrs. Marie-France Lalonde:** It definitely impacted me very positively, so congrats.

**The Chair (Mr. Ernie Hardeman):** That concludes your time. We now go to the official opposition: Mr. Harris.

**Mr. Michael Harris:** Good afternoon, Deputy, and Mr. McCuaig.

Also on the UP Express, the audit's findings were that Metrolinx's initial assumptions about projected annual ridership may well have been overly optimistic. Would you agree with that?

**Mr. Bruce McCuaig:** We believe that our findings—as presented by the third-party forecasters who did the work for us based upon their experience in other jurisdictions, as well as what was expected to happen in this marketplace—were reasonable forecasts. We redid those forecasts, I think, three times over the course of the three-year period as we were approaching the launch of the service. By and large, the forecasts did not change, even though we actually used different consultants for one of those series of forecasts.

We did try to take what I think was a prudent risk-based approach by updating the forecasts a number of times through the process and bringing in not just one independent party but other independent parties to provide their advice.

**Mr. Michael Harris:** The recommendations in the Auditor General's report talked about the fact that Metrolinx should work with the ministry to clearly define the business model under which the air-rail link should operate to ensure that the ARL will be a viable and sustainable operation. Given the importance of having a reliable estimate of projected ridership at the various possible fare levels, Metrolinx should periodically update its ridership forecast. Have you done that?

**Mr. Bruce McCuaig:** Yes, we have.

**Mr. Michael Harris:** How many times have you done that?

**Mr. Bruce McCuaig:** After the Auditor General's report, we did a further update, which actually informed the business model that we took to the Metrolinx board of directors in December of 2014. That was also the information that was brought forward to the provincial government for the approval of the business model as well.

**Mr. Michael Harris:** When was the last time that you updated those ridership numbers?

**Mr. Bruce McCuaig:** At that point—December 2014—in advance of that was the last time that we updated the business forecast. We believed, at the point, that the most relevant numbers would be actual ridership. Between December 2014 and the launch in June 2015, we felt that the most important thing was to see how the product was received in the marketplace.

Now that we're starting to get real live data, we will continue to go back and refresh to see: Are the original forecasts that took us out to 2020/2025 still as they were forecasted at that point or do they need to be updated?

**Mr. Michael Harris:** When do you plan on doing that next ridership forecast—or update it, rather?

**Mr. Bruce McCuaig:** We would typically look at updating these kinds of ridership information on, I would expect, an annual basis. So I would expect, over the course of 2016, that we would be updating the ridership information, given that we launched the service in June 2015. So next year, we would be updating the ridership information again.

**Mr. Michael Harris:** Given the importance of having a reliable estimate of projected ridership, I'm wondering if you can give us a year-by-year projection of ridership

over the next five years. I'm not sure if you have that handy, right here, for the committee or if you could provide to the committee the projected ridership over the coming five years.

**Mr. Bruce McCuaig:** Again, we had indicated a forecast where we would be recovering our operating costs in three to five years. We had anticipated that we would be achieving our mature ridership values in year 3, 4 or 5 and that we would be approaching about 90% in year 3 and about 65% in year 2. Again, those are the kinds of numbers that we would be updating, as we have now the experience in terms of the actual ridership levels.

**Mr. Michael Harris:** Can you share with the committee today the ridership numbers per month since the start of the express?

**Mr. Bruce McCuaig:** I don't have that. The way the ridership numbers are actually reported—because, of course, we're selling tickets through a whole variety of different channels, from Air Canada, as I explained, to VIA Rail to our own sales agents to online tools, we actually get the real sales numbers about four weeks after the end of each month.

**Mr. Michael Harris:** Yes, but don't you calculate how many people are on the train per day per month? Doesn't Metrolinx provide—

**Mr. Bruce McCuaig:** We can provide information in terms of the actual revenue data from June to the end of October—

**Mr. Michael Harris:** I'm not so much concerned about revenue; I'm concerned about how many actual bodies are getting on the UP Express per day per month since its inception. If you can provide to the committee how many people have actually taken the UP Express to the airport or back for the last few months—you said June, right? We're now in November.

**Mr. Bruce McCuaig:** Yes. For example, in June, we had about 71,000 customers who used the service. In October, we're at about 80,000 customers who are using the service. We can provide that information month by month between June and October. It's based on real data in terms of the revenue information, which is then translated into rides.

**Mr. Michael Harris:** Are all those 70,000 or 80,000 paying customers?

**Mr. Bruce McCuaig:** Yes.

**Mr. Michael Harris:** They're all paying customers?

**Mr. Bruce McCuaig:** Yes.

**Mr. Michael Harris:** So you don't calculate the people who are riding the UP Express potentially as employees or promos or anything like that? That's not calculated into your numbers?

**Mr. Bruce McCuaig:** No. We believe that these numbers are the most accurate because they are actually based on the revenue that we're collecting, as opposed to—we do have what are called automatic people counters that are built into the Union Station station, but those counters count every person who gets on and off the train. Of course, we have staff who are getting on and off the trains. They provide a very rough estimate;

they're not indicative of actually revenue-paying customers.

**Mr. Michael Harris:** There have been some reports that often trains are leaving with only 14 riders. Can you tell us if that, in fact, is the case?

**Mr. Bruce McCuaig:** I would say, like every transit service, there are peak periods and non-peak periods. I was going by a TTC streetcar the other day at 7 o'clock in the morning that had five people on the streetcar.

There are peak times and non-peak times. In our peak periods, we are seeing ridership that is indicative of a peak period. You actually plan and build transit services to address peak demands, not off-peak demands, because the peak is when you have the highest congestion, the highest demand for the service. Yes, that means that in off-peak periods, whether you're a GO train, a TTC subway or a Union Pearson Express train, you have lower ridership.

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**Mr. Michael Harris:** I know the NDP asked about the operating costs of the train, the facility and the staff, all in on an annual basis. I think you've already committed to providing that to the committee, so I'll skip that one, but I wanted to also make sure that that was clearly an ask for Metrolinx.

Also, the auditor indicated that if operating on a break-even basis was the objective, achieving that may not be feasible. Does Metrolinx still consider the same break-even proposition?

**Mr. Bruce McCuaig:** Our objective continues to be to build ridership to the point that we recover our operating costs in three to five years. That's our objective, and we still believe that that's an achievable outcome.

**Mr. Michael Harris:** I mean, we're going into—what?—almost six months of UP Express, so half of its operation for the year. We're seeing numbers of around 2,500, so half of what your projected ridership is of the first year. Can you tell the committee what you figure will happen over the next six months that will triple ridership to actually meet your goal of 5,000 riders per month? What are you going to do in the next six months to triple the ridership?

**Mr. Bruce McCuaig:** First of all, I think it's important to realize that as a new product, we're gaining experience from other people who've gone through the same process. We have been speaking to Heathrow Express, the South African system that's recently been launched, Vienna, Tokyo and other organizations to find out what their experience was. What we learned through that discussion is that our experience is really no different from the experience in other jurisdictions: that there is a normal ramp-up period for these kinds of services because you're introducing a new product to the marketplace.

What we took from that is that a key objective that we need to achieve is awareness. We need people to be aware of the service. They need to understand how to access the service. They need to be incented to try it for the first time. So that goes to our work in terms of marketing.

If you've walked through the PATH system anytime in the past few months, if you've gone through Pearson airport in the past few months, you will see that we have done a significant effort to try to introduce people to the fact that you can actually take a train for the first time between these locations.

**Mr. Michael Harris:** I think a big part of the ridership is obviously the fare price. The auditor also notes that in January 2014 Metrolinx announcements on fare options identified a single adult fare of \$29.95 for a one-way trip. Obviously you've talked about the Presto card and the reduced rate for that, but given that, according to the Metrolinx 2011 market assessment of GTHA residents, "nearly 75% of respondents who were GTHA residents also indicated that they would not be willing to take the Union Pearson Express at a cost of \$22.50 or more. As well, 60% of visitors and 90% of airport employees would not use it at a cost of \$22.50 or more," can you tell the committee why Metrolinx would settle on a price point beyond the level of \$22.50?

**Mr. Bruce McCuaig:** Well, again, I would point to the fact that we actually introduced, in terms of the product offering, a \$19 Presto fare. That really is targeted at people who live and work in this city, in this region, because they're the ones who are more likely to have a Presto fare card, and it allows them to have access to the service at a lower rate than \$27.50, which is the base fare. The other piece that we implemented—

**Mr. Michael Harris:** On that note, can you provide to the committee, in the last six months—or whatever we've had; close to six months—the percentage of users who actually rode the UP Express on a Presto card fare, as well as the regular fare of \$29.50? You'd have to have that number, I'm assuming. With sales revenues, you'd be able to break that out, right?

**Mr. Bruce McCuaig:** We do collect that information, yes.

**Mr. Michael Harris:** Okay. So if the committee could also receive that. Sorry to interrupt, but I just thought I had that and I wanted to be sure.

**Mr. Bruce McCuaig:** And I want to just add that the other important part of the fare policy that we did implement was a significant discount for airport employees, because of course they're the ones who are using and accessing the airport on a regular basis, sometimes on a daily basis. So we did provide a significant discount for people who are airport employees, and that accounts for about over 20,000 people who access the airport on a daily or a regular basis.

**Mr. Michael Harris:** Now, I know you talk a lot about London, but we like to compare the service with Vancouver and Chicago, which offer similar rail links for \$10. Obviously Ontario decided to head in a different direction. Why was that the case? If you compared Vancouver and Chicago with Toronto, why so much more?

**Mr. Bruce McCuaig:** I think the value proposition that is embedded in the Union Pearson Express is a dedicated air-rail link. A lot of the other services, like

Vancouver or Chicago, are transit systems that happen to have a station at the airport. That provides good access to those communities, but there are consequences to that.

I was in Vancouver about a week ago. I took their service to the airport. When you're travelling in peak periods with luggage, it means you are travelling in a very congested, crowded car. That makes it less attractive. It doesn't make it an attractive welcome to people from other jurisdictions to your city and your region.

**Mr. Michael Harris:** Do you happen to know what an Uber ride would cost from Union to Pearson? Do you have any idea what you're looking at with UberX?

**Mr. Bruce McCuaig:** The challenge with Uber is that they actually vary their price depending upon congestion and time of day. So it's hard to actually say what an Uber price is. They also have different levels of Uber service.

**Mr. Michael Harris:** If you're not under surcharge pricing, do you actually know how much it costs?

**Mr. Bruce McCuaig:** No, I've never taken Uber from downtown.

**Mr. Michael Harris:** All right. I don't know either.

*Interjections.*

**Mr. Michael Harris:** I've taken many Ubers, but not from Union to Pearson.

Has there been any consideration at Metrolinx to actually lower the fare?

**Mr. Bruce McCuaig:** We are five months into the launch of a service that has a 75-year service life. We want to build the ridership. We believe that we have a great product that people will take in growing numbers as they become introduced to it. So our focus is building awareness and introducing more and more of the public to the service.

**Mr. Michael Harris:** I'm wondering if there has been any discussion from your ministry with regard to the price.

**Ms. Carol Layton:** No. Bruce has just said that we're five months into a 75-year service life. This is very, very early days, and we're very comfortable with the progress on the Union Pearson Express.

**Mr. Michael Harris:** There was a staff report suggesting that the city of Toronto was considering absorbing the UP Express as part of the SmartTrack plan. Has Metrolinx been in discussions with the city of Toronto pertaining to that?

**Mr. Bruce McCuaig:** We have had no discussions with the city of Toronto.

**Mr. Michael Harris:** Has the ministry in fact had discussions on that particular subject?

**Ms. Carol Layton:** No discussions at all.

**Mr. Michael Harris:** Okay. I've got, I think, six or seven minutes—six minutes.

Presto: Since the 2012 audit, there have been, obviously, a lot of developments on the Presto and Presto Next Generation fronts. In the audit, a region-wide integrated transit fare system was one of the plan's key strategies, but the card has not facilitated fare integration, because fare structures across GTHA transit systems were themselves not integrated.

Can you tell the committee what the overall usage of Presto is, at this point, on GTHA transit systems?

**Mr. Bruce McCuaig:** At the time of the audit in 2012, usage across the greater Toronto and Hamilton area was 18%. We're currently at a level of 54.5% across the region. That does not include the TTC numbers because, of course, we're in the process of rolling out Presto on the TTC at this point in time. But we have had significant growth in the service.

Just to give you a couple of other little indicators, on Brampton transit, which is probably the system that has most aggressively implemented the Presto fare card, their adoption rate is 75.9%. So again, it is somewhat dependent upon the level at which transit agencies are moving toward their customers going onto the Presto fare system.

**Mr. Michael Harris:** As the TTC is the predominant transit hub here in Toronto, what difficulties or problems have you had in implementing the Presto card with the TTC?

**Mr. Bruce McCuaig:** I would say that over the past two years, once we had signed an agreement with the TTC in terms of the implementation of the Presto fare card, we have had a remarkable set of circumstances to progress and implement the Presto fare card.

We took the lessons from the Ottawa deployment in terms of trying to design—

**Mr. Michael Harris:** But what specific problems? I appreciate those things, but what specific problems are you still encountering that you need to yet overcome?

**Mr. Bruce McCuaig:** I would suggest that we have had no significant problems with the Presto system on the TTC deployment. I mentioned that we have 26 subway stations that are enabled at this point in time. They were delivered on schedule in June, before the Pan Am/Parapan Am Games.

I think the most significant reduction, in terms of our ability to deliver Presto, was the slowness of receipt of the new streetcars by the TTC from Bombardier, because they were going to be our early deliverables to put Presto on. Because Bombardier has been delayed in the delivery of those vehicles, they've delayed the implementation of Presto.

1350

**Mr. Michael Harris:** What areas throughout the GTHA transit system are not using Presto?

**Mr. Bruce McCuaig:** All the transit agencies in this region are Presto-enabled. Hamilton through Burlington to Oakville to Mississauga to Brampton, York Region Transit, Durham Region Transit and GO Transit are all enabled with the Presto card. It's fully available on all of their transit vehicles. We're in the midst of deploying on the TTC. It's fully deployed in Ottawa at this point in time and fully operational. The system use, after only about 14 or 15 months in Ottawa, is at 63.3% of their riders.

**Mr. Michael Harris:** With that number of 63%, can you offer to the committee the percentages of usage for those GTHA—I guess there are 10 providers across the

GTHA—the percentages of usage for those particular services—

**Mr. Bruce McCuaig:** We have it broken down by each transit property so you can see what the distribution is between the various. They all add up to that 54.5% that I referenced a few moments ago.

**Mr. Michael Harris:** Are you behind the expected forecast of usage?

**Mr. Bruce McCuaig:** We set objectives on an annual basis and for the next two or three years in terms of what is our anticipated achievement in terms of penetration rates. We've met or exceeded our targets each and every year for the past two years. So we feel very satisfied that the program is progressing as we would have expected it to progress.

The key determinant to get from a midpoint in terms of penetration in a transit property is the availability of other traditional fare media. For example, if a transit agency wants to continue to offer a paper ticket, then people who are used to using paper tickets will continue to buy paper tickets until that transit agency decides to retire those kinds of fare media.

That seems to be the most significant indicator. That's why Brampton has such a high penetration rate: because they've been very proactive in terms of driving forward the delivery and the availability of Presto for their customers.

**Mr. Michael Harris:** At the time of the 2012 audit, the anticipated cost of developing and operating the original Presto system and the Presto Next Generation system was \$955 million. According to a March 2014 update provided to the board, this cost is expected to increase. Can you tell the committee what the cost is expected to increase to?

**Mr. Bruce McCuaig:** I don't have all the figures with me in terms of the increases in cost, but in terms of the categories, there are three areas that I would say—and I wouldn't even position these as increases. For example, we have now been in operation for almost 10 years. We're starting to do state of good repair.

**Mr. Michael Harris:** Can you provide to the committee—

**The Chair (Mr. Ernie Hardeman):** It's the end of your time. You can go ahead and finish your answer.

**Mr. Bruce McCuaig:** We're proceeding with state of good repair. Those are in our costs now.

We are also expanding the service to areas that were not part of the original program. Ottawa is delivering the Confederation Line. That needs Presto. That's an additional cost.

**The Chair (Mr. Ernie Hardeman):** Okay. We'll now start the second round with the third party. We have about 16 minutes per—

**Ms. Cheri DiNovo:** Sixteen minutes? Thank you, Mr. Chair.

Just following up on some of the other comments, to Mr. Dong's comment about Liberty Village, which is next door to my riding, I wanted to point out to him that it was in the news not that long ago that Liberty Village

crowdfunded a bus to get them downtown. Liberty Village is not too happy with their transit options.

Moving on from there to Madame Lalonde's comments about not being biased, I wouldn't think you'd be biased. You're a Liberal member of a Liberal government. Where's the bias?

We're going to talk more about the connection with Metrolinx and the Liberal Party in a minute, but I want to follow up on a few key things. Would lowering the fare increase ridership, do you think, on UPX?

**Mr. Bruce McCuaig:** We believe that the fare we have is the right fare for the kind of system that has been built. With a three-car train—which is the maximum size of train that can access Pearson airport because of the way Pearson has developed—it has got a maximum capacity of about 180 people on a train. We think we've developed a fare model and a business model that reflect the capacity of the system and the demand that it has in terms of accessing Pearson and coming from Pearson to the downtown area.

**Ms. Cheri DiNovo:** When is the peak demand? When is that on UPX?

**Mr. Bruce McCuaig:** Peak period for the Union Pearson Express is typically between about 3:30 and 6:30 in the afternoon. That is aligned, you could imagine, with the departures for both short-haul flights out of Pearson to places like Montreal and Ottawa, but also the departure of long-haul flights to Europe, which are typically evening flights.

**Ms. Cheri DiNovo:** Could you provide, then, for the committee the ridership at that peak demand period as contrasted with the low demand? If we could get that as well, please, that would be great.

You mentioned that you haven't talked to the TTC about the possibility of this being part of a SmartTrack system or a relief line for people along the line to get downtown. Why not?

**Mr. Bruce McCuaig:** We believe that the kind of service we're providing for public transit users needs to be fulfilled through, for example, the GO Transit system.

I mentioned in my opening remarks that we've added 14 new midday trains on the GO line on the same corridor, stopping at the same stations—more stations, in fact, than the Union Pearson Express stops at—and those provide almost 20,000 more seats on a daily basis at a price point that's in the \$5- to \$7-dollar range, depending upon which station they're travelling from.

We believe that service is the kind of service that should be meeting the transit needs because it actually has the capacity to accommodate large numbers of people, which is what we would normally see with a commuter kind of service.

**Ms. Cheri DiNovo:** So if I were living at Bloor and Dundas and wanted to use not the TTC but a relief line to get downtown, how would you accommodate that?

**Mr. Bruce McCuaig:** Well, Bloor and Dundas—at the Dundas—sorry—

**Ms. Cheri DiNovo:** At the Dundas station.

**Mr. Bruce McCuaig:** The Dundas West station?

**Ms. Cheri DiNovo:** Yes.

**Mr. Bruce McCuaig:** Well, we do have trains that stop at the Dundas West GO station that head downtown.

**Ms. Cheri DiNovo:** How much would it cost?

**Mr. Bruce McCuaig:** They cost about \$5.30. I would have to confirm that, but it's in that range.

**Ms. Cheri DiNovo:** Okay. It's a little pricey if you're going to do that every day. Would you not agree?

**Mr. Bruce McCuaig:** That's the model of the GO system across the region. We provide a service that is fare-by-distance, and those are the kinds of prices that we've had in place for 48 years. Of course, at the location that you chose, people also have the choice of going to the Dundas West subway station and taking the subway downtown.

I think a key part of building a transportation system is actually providing a variety of choices to people, because not every choice is going to meet every person's needs. That's why I think the GO trains are an important part of the system, the subway is an important part of the system, Union Pearson Express is also a part of the system; they're all parts.

**Ms. Cheri DiNovo:** Clearly, the system isn't working to get Torontonians downtown to work with a degree of comfort and speed. If you're anywhere in the GTA, you know that. What I'm trying to get at here is, where are some of the solutions? In talking to the TTC about possibly looking at solutions—UPX, for example. If it proves to be a money-losing proposition over time, would you entertain the possibility of making that a relief line, having more stops along the line, and using it to get Torontonians to work?

**Mr. Bruce McCuaig:** Again, our objective at this point is to build the ridership on the service that has been launched. We believe that the business model that has been selected will be successful, and we also believe it's important to expand our GO services, to serve the market that you're talking about, which is a price point that's more conducive to people who are or have a need for accessing the downtown area every day.

We think that by serving, out of the Dundas West or Bloor station—both by GO and by Union Pearson Express—we're providing different choices to different markets for different purposes.

**Ms. Cheri DiNovo:** When will the line be electrified?

**Mr. Bruce McCuaig:** We have received approval under the Environmental Assessment Act for the electrification of the Union Pearson Express line. We also have received funding as part of the regional express rail program to electrify five of our seven rail corridors generally, and that includes the Kitchener corridor as far as Bramalea. We've launched an environmental assessment for the electrification of the balance of those five lines. We'll be electrifying the Union Pearson Express as part of that overall program. We believe that we will be doing the Kitchener and the Union Pearson Express as our first deliverables. We're still working out the actual timing to get all of the environmental approvals because we think it makes more sense—

**Ms. Cheri DiNovo:** So not 2017, like Minister Murray said when he was transportation minister?

**Mr. Bruce McCuaig:** Yes. With the additional funding that was provided, we now have the ability to electrify the entire corridor—GO services and Union Pearson Express services. We think it's a lot more efficient, more value for money, a better outcome to electrify both the GO and the Union Pearson Express services at the same time, rather than going in and building the infrastructure for Union Pearson Express and then coming back for the balance of the system.

We have funding over the next 10 years to electrify five of our corridors, and as I said, we're—

**Ms. Cheri DiNovo:** So 2025?

**Mr. Bruce McCuaig:** We're looking at doing the Union Pearson and the Kitchener corridors among our first deliverables. As we get our environmental approvals, we'll be reporting on the specific timelines. The end of the 10-year horizon does not mean that that's when this particular corridor will be electrified.

1400

**Ms. Cheri DiNovo:** Okay. Noise walls were promised to the residents along the line when the UPX started to run. They are still not there. When will the noise walls be done?

**Mr. Bruce McCuaig:** We'll be finishing the noise walls in this calendar year. There are three issues that came up. First of all, we achieved the noise barriers in all the locations that were required under the technical requirements of the environmental approval. Where we have not completed them are areas that were additional areas for future growth.

There were basically three things that impacted our ability to deliver all of those noise barriers in advance of the Union Pearson Express. One was encroachments in terms of people owning property and then extending their gardens and decks and backyards onto the rail corridor. A second area is that in some cases we needed small slivers of land—

**Ms. Cheri DiNovo:** Okay, but just cut to the chase. When will they be done?

**Mr. Bruce McCuaig:** I think I indicated at the outset that it will be done this year.

**Ms. Cheri DiNovo:** This year? Okay, thank you.

I'm going to go back to Transit City days and the fact that when Rob Ford was mayor, he cancelled Transit City. You agreed to scrap Transit City and start all over again with planning. I'm going to move on from that. Again, this goes to recommendation number 9 in the AG report.

Since the 2012 report, Metrolinx has agreed to cancel an LRT line in Scarborough—one could say in order to win a by-election for the Liberals. You also endorsed a report that claimed it was feasible to run a subway along the current RT corridor, something that TTC engineers claimed was technologically impossible at the time. TTC commissioner Gary Webster tried to explain the true costs and benefits, if you recall—a trip down memory

lane with Rob Ford's transit scheme. He ended up being fired.

Is Metrolinx under similar pressure to endorse purported benefits of transit schemes endorsed by politicians and to downplay the costs? It would seem historically that there's some evidence for that.

**Mr. Bruce McCuaig:** I would say the bottom line is that it's important for Metrolinx to be working with government to deliver on a transit plan. In the end, the public elects governments, whether that's municipal, provincial or federal, to make major funding decisions. Metrolinx does not have the independent ability to implement funding decisions in the absence of support of the local government, so what we try to achieve is consensus, and to maintain that consensus over the time that it takes to deliver on the project.

The key point is that we have the utmost respect for elected governments to be the representatives of their constituencies, to bring forward the plans that they feel are the right plans. We are an input. We provide our best advice. We provide objective advice. We provide the evidence. But in the end, governments make decisions, and I think we can all agree around this table that that's the way our system is designed at this point in time.

Metrolinx has always supported the LRT as the technically preferred solution to provide service to the Scarborough Civic Centre. That continues to be our position. At the same time, we have three orders of government—federal, provincial and municipal—who have all decided that moving ahead with a subway is the path that they select and that they support. We recognize that governments are elected to make those kinds of choices.

**Ms. Cheri DiNovo:** I think that most Torontonians would love to see the politics taken out of transit. Maybe we'd actually get some done then.

On April 27, Minister Del Duca announced that the construction of the Sheppard East LRT would be delayed until after the Finch West LRT was completed in 2021 or so, and yet on the same day, Metrolinx was still informing people that construction of the Sheppard East LRT would begin in 2017 and be completed by 2021.

Clearly the minister made the decision to defer the Sheppard East LRT based on reasons we're not clear on and only known to him. How is this compatible with the Auditor General's recommendation that transit infrastructure investment decisions be made only on the basis of rigorous cost-benefit analysis?

**Mr. Bruce McCuaig:** I cannot comment on the affirmation you made about Metrolinx having different advice at the same time as the minister made a pronouncement; I'm not aware of that. I can advise that the decision was taken to stage the delivery of the various LRT projects, as well as the other infrastructure projects going on in the city and this region, to look at it from a commercial perspective and the capacity of the system to be able to respond to what are very major infrastructure projects.

I think the decision that was taken in consultation with Infrastructure Ontario, with Metrolinx and with the

provincial government was to deliver the projects in a way that wouldn't result in us basically bidding against ourselves, because we would have multiple bids in the market at the same point in time. We thought it was more effective in order to stage these bids so that we can maximize the available capacity in the industry so that we can get the best possible value for money.

**Ms. Cheri DiNovo:** Moving on: Now that you've agreed to cancel the Scarborough LRT, the master agreement between Metrolinx, the city of Toronto and the TTC needs to be renegotiated. What is the status of those negotiations right now?

**Mr. Bruce McCuaig:** Conversations continue between Metrolinx and the city of Toronto in terms of moving forward with the amendment to the master agreement with respect to the Scarborough subway extension. There also need to be agreements that are entered into between the province and the city of Toronto for the new project, as well as between the federal government and the city of Toronto. So all those elements need to move forward together. As you may know, the city of Toronto is pursuing an Environmental Assessment Act process to determine the station location of the Scarborough subway. I think the precursor to making some of those amendments is for the city to finalize the scope of the project.

**Ms. Cheri DiNovo:** This new master agreement: Will the TTC still be operating those three remaining LRT lines and, if so, for how long?

**Mr. Bruce McCuaig:** Our agreement with the city of Toronto and the TTC is that the TTC will be the operator for the Finch, Eglinton Crosstown and Sheppard LRT lines.

**Ms. Cheri DiNovo:** Concerning the comprehensive operating agreement to be negotiated two years before the Eglinton Crosstown begins, does that remain unchanged?

**Mr. Bruce McCuaig:** That continues to be our objective, yes.

**Ms. Cheri DiNovo:** In this master agreement, subject to change, apart from the sections dealing strictly with the Scarborough LRT: Anything new to report on that?

**Mr. Bruce McCuaig:** Sorry, could you just repeat the question? New on what part?

**Ms. Cheri DiNovo:** In the new master agreement, is there anything new dealing with the Scarborough LRT that we're not aware of?

**Mr. Bruce McCuaig:** In addition to what I said a few moments ago, I don't think I have anything further to add.

**Ms. Cheri DiNovo:** Okay. Just going back to Presto and to the Auditor General's report on that: In terms of the cost to develop and operate it, in her report—and this is the next-generation Presto, PNG, to meet the requirements of the TTC—she said that it almost quadrupled compared to the original estimate. I'm wondering if you could comment on that, in light of your past comments that you were on target financially around Presto.

**Mr. Bruce McCuaig:** I think I indicated earlier on that for the deployment of Presto for GO Transit in the 905, that program was delivered on budget and to schedule. We were very pleased with the rollout of that program.

With Presto Next Generation, as I indicated a few moments ago, we tried to anticipate what the scope was of new offerings that we would want to build into the new program. We had to anticipate the needs for the city of Toronto, for example, since we had not yet come to a specification with the city in terms of their needs for Presto Next Generation. So there were additional costs in terms of scoping out the final cost of the additional changes to the Presto base service that was built for GO and the 905, and how it would be adapted for both new customers, like the TTC, as well as for changes in the environment such as bringing in open payment and mobile payment.

**Ms. Cheri DiNovo:** Okay. Also at dealing with contractors around the Presto issue, again, an audit finding was that the contractor failed to meet nearly a third of performance standards in the Presto contract but Metrolinx did not seek penalties. Why not?

**Mr. Bruce McCuaig:** At the time, our view was that our focus was on deployment of the system, and we wanted to make sure that we got through that deployment program as cleanly as possible for our customers, whether those customers are transit agencies or end-user customers. Now that we're fully deployed in so many of the areas that are served by Presto, we have built in additional measures in terms of monitoring the achievement of Accenture and the other service providers against the contract. If issues are identified, then we will take action in terms of making sure that remedies are pursued.

**The Chair (Mr. Ernie Hardeman):** Thank you very much. That concludes the time. We will now move to the government side: Ms. Malhi.

**Mr. Han Dong:** Actually, I wanted to make a quick comment. I'll give it to you; just give me a second here. I just want to make a quick comment because the member opposite mentioned about the—

**The Chair (Mr. Ernie Hardeman):** Mr. Dong, before you speak, I have to recognize you.

**Mr. Han Dong:** Thank you. I saw the mike on; that's why.

1410

**The Chair (Mr. Ernie Hardeman):** In this case, I recognize Ms. Malhi.

**Mr. Han Dong:** All right.

**Ms. Harinder Malhi:** Thank you so much.

In Brampton, we've seen a number of added GO train services to all of our stations, but I wanted to talk a little bit more about the challenges that we're having in rolling out the all-day, two-way service because of some of the rail tracks that are owned by CP or CN. I wanted to ask about how you're proceeding to overcome those challenges.

**Mr. Bruce McCuaig:** Thanks for the question. Yes, in the context of both the Milton corridor and the

Kitchener corridor, we do need to work very closely with CN and CP. In the case of the Kitchener corridor, the stretch between Bramalea and Georgetown is owned by Canadian National and is their mainline freight track for, basically, east-west traffic in Canada. In the case of the Milton corridor, it is almost fully owned by CP Rail and again is their mainline track.

We need to build agreements with the railways in order to increase the level of service. Typically, those agreements come with a requirement that we build infrastructure so that in essence, the freight railway companies are made whole so that they can continue to serve their customers as well as continue to grow their customers in the future.

We have been in active discussions with both CN and CP in terms of both incremental additions of service as well as trying to identify strategies to rationalize the network more generally so that we do not have this ongoing question or discussion or negotiation about what additional services can be put into place.

We were successful in terms of being able to add an additional train in both directions on the Milton corridor this past year. As I said earlier on, we were able to introduce 14 midday trains on the Kitchener corridor from Mount Pleasant into Union Station. So those are all outcomes of negotiations with the railway companies and an agreement on infrastructure that needs to be built to support more service and then the construction of that infrastructure.

I think our core challenge going forward is to have a more fundamental conversation with the railways about how to co-exist in an environment where we don't just want to add one or two or even 14 trains to a corridor in a given year; we want to have the same level of service that we have on the Lakeshore West or Lakeshore East corridors in these other corridors. That means that we have to have a very broad and deep conversation with the railways that involves the municipalities, that involves the federal government, to try to identify how we can take advantage of the opportunities to look at how we move people and how we move goods in this region on a going-forward basis.

There's no question that goods movement is critical to our economy and to this region. We don't want to jeopardize the ability of CN and CP to move freight because that is intrinsic to our economy, but we do want to find more ways to move more people and more trains through places like Brampton, Mississauga, Milton and Kitchener. That's our objective over both the short and the longer term.

**Ms. Harinder Malhi:** Thank you so much.

**The Chair (Mr. Ernie Hardeman):** Mr. Dong?

**Mr. Han Dong:** Thank you, Mr. Chair. I just want to make a quick comment before I pass the mike on to my colleague MPP Rinaldi. It has to do with the member from Parkdale–High Park's comment on crowdfunding for a bus. I believe that line has been suspended. In addition to that, I actually put forward a petition to the TTC to study an express line going in the opposite direction of traffic during rush hours.

I just want to make sure it's on the record that bus lines are very much needed. As I mentioned, it's a bag of mixed tools to relieve the congestion in my neighbourhood of Liberty Village. I look forward to an affordable solution in the near future provided by Metrolinx.

**The Chair (Mr. Ernie Hardeman):** Mr. Rinaldi?

**Mr. Lou Rinaldi:** Thank you very much for being here today. First, I want to just share a little story and then I'll go to a question.

About three weeks ago, I had some neighbours who went overseas for a holiday. Where we come from, our public transit is our own car or a bicycle, but I don't ride a bike. But I did get a scooter this year, so I'm okay. Having said that, their son took them to the airport for their flight out. It took them over two hours from the Durham area—Oshawa, Ajax—to get to the airport, that stretch alone, not counting the hour or a little bit better than an hour from their home in Brighton, where I live.

They got wise coming back. The son refused to go to the airport and pick them up if he had to go through that scenario. So they took the express train, the UP, from the airport to Union Station, hopped on the GO. That got them to Oshawa; it's as far as GO goes. It took them just a little bit over an hour, and no hassles with traffic.

I will admit, these folks are not very supportive sometimes of our government, but they couldn't stop thanking me enough just from that experience alone. I won't mention what their names are, but it's true.

Having said that, about a month ago, I was involved with some discussion with folks from Durham region; I know they've been talking to you about future expansion and so forth. I got a couple of my mayors excited, mostly from Port Hope and Cobourg, that we should maybe have some access, because all we have is Via, and it's very expensive and unless you book the day before, you don't get on a train.

Can you give us some sense of what future expansion—not even specific to an area, but how do we get that on the docket? How do we get it so that maybe somewhere down the road there's a possibility? I know the municipal leaders from the Durham area have been very engaged for a long time, and they've done a lot of work. So can you just give us a bit of an overview?

**Mr. Bruce McCuaig:** Absolutely. In terms of the product that we call GO Transit, there is no question that it is much in demand across the region. And new communities, whether they're in Durham or whether they're in Northumberland or whether they're in Kitchener or Niagara, there is lots of demand for new services.

The good news is that from a delivery of the program over the next 10 years, we are going to be providing significant new opportunities for people to take GO Transit as part of their regular trip across all of the corridors that we provide service, including the Lakeshore East, where as part of regional express rail, we will be providing higher and higher levels of service until we get to 15-minute frequencies throughout the day, evenings and weekends, and electrified service from Oshawa into Union Station.

That being said, I also realize that there is interest in extending that service to the east to communities like Bowmanville and Clarington, and there have been on-going conversations with those municipalities about their interest and their desire for those extended services. We actually did initiate and received environmental assessment approval for new infrastructure that would deliver those kinds of services, utilizing the CP-owned track from Oshawa to the east.

The next part of the equation is to continue our conversation with the municipalities, build the business case and the evidence to demonstrate how it's going to perform very, very well. Ultimately, that leads to decisions on when we can go ahead with the delivery of that kind of infrastructure. I think it's a partnership between the province, ourselves, the municipalities and the communities involved in terms of determining what is the right kind of timing to go ahead with those kinds of services.

**Mr. Lou Rinaldi:** As a comment, it reassures me a bit that we're not one of the areas where the need is. The other parts that surround the greater Toronto area are getting filled, and certainly there are opportunities in the east to grow; especially in the Durham area, they've been growing fairly steadily. So I'm delighted to hear that we're not ignoring where some pressures—starting today or down the road—will not get to be even more, and that it's not being ignored.

Chair, how much time do I have left?

**The Chair (Mr. Ernie Hardeman):** You have about seven minutes.

**Mr. Lou Rinaldi:** Oh, okay.

You intrigued me a little bit in your answer about working with CN and CP. If I heard you right, you do have some environmental assessment approvals, or some type of approvals. How much are we pursuing that? Can you explain where that will get us? Because obviously the tracks are there, but I know they're also very heavily used. I mean, I have CP and CN tracks that I cross every day near my home, and I know how long I have to wait sometimes.

Is there room for additional passenger service through GO? In your vision, in fact—is that really feasible, knowing how busy that Toronto-Montreal rail corridor is right now?

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**Mr. Bruce McCuaig:** In the context of the CN and CP corridors to the east of the region, those companies' mainline tracks access not just eastern Ontario, but Montreal and the eastern seaboard of the United States as well. They are very core elements of both those railways' business plans.

We also realize that we need to find strategies to co-exist if we're going to continue to extend services. To look at a potential extension from the Oshawa area to Bowmanville and Clarington, the kind of infrastructure that has been identified in the past includes, first of all, a crossing of the rail from the south side of Highway 401 to the north side of Highway 401. That's necessary if

we're going to transfer the traffic from the CN corridor, which is south of the 401, to the CP corridor on the north side. That is, as you can imagine, a fairly significant piece of infrastructure. The deputy minister to my right will have a very strong interest in how we develop and deliver such a piece of infrastructure, given that it's so important for other core elements of the province's transportation system in this region.

The second piece of important infrastructure that's necessary is to add additional track on the CP corridor. If you're familiar with the corridor through Oshawa and into Clarington, you know there's a lot of traffic. It's access to the Autoplex, the GM plant, as well as all the industry that's around those areas. Additional track infrastructure will be required in order to make that service happen.

The third piece is stations. We don't have stations on the corridor right now, so we would have to acquire the property and then build the station facilities so that people can access the services.

Those are three core elements that will need to be delivered in order to extend services and as part of the planning that will have to go on with the municipalities, with the railways and with the support of the province as well.

**Mr. Lou Rinaldi:** Thank you.

**The Chair (Mr. Ernie Hardeman):** Ms. Lalonde.

**Mrs. Marie-France Lalonde:** We've been talking a lot about Presto in terms of fares and everything. I come from Ottawa-Orléans, where we have one of the highest ridership rates. We're very fortunate in terms of public transit. Presto is widely known in Ottawa and very much used. I understand that Toronto has not caught up to the same level of Presto users.

Can you maybe share what the plan is or how we're going to get Torontonians to consider using the Presto card a little bit more?

**Mr. Bruce McCuaig:** I think the first key point to that is to have Presto fully deployed on the TTC. Right now, we're at 26 subway stations. We are on the 10 new streetcars that are in service on the TTC. Over the course of the remainder of this calendar year, we'll be implementing Presto on all of the older streetcars that are in the system.

As we get more of the system Presto-enabled, then that will allow people to use it more often in different places. I hear from people all the time who take the GO train in, for example. They can use their Presto card at Union Station to go to wherever their destination is, but whatever station they are coming from on the way back is not yet Presto-enabled, so they can't tap on the way home. As we get more permeability or more access to the Presto system in the city of Toronto, I think it will be natural that growth will just occur.

The two key elements for our deployment program next year are the bus network—we'll be deploying Presto on the 18,000-odd buses that are part of the TTC. We think this is a fairly straightforward program for ourselves because we've already deployed Presto on thou-

sands of buses in Ottawa and across this region. So it's more of the same in terms of being able to deploy something that we've already done a lot over the past five years.

The second element is the balance of the subway stations. We have 26 now; there are 69 subway stations in total. We need to complete the deployment on those additional subway stations.

The TTC is doing something different in those additional subway stations. They are actually going to be replacing, as part of this program, all of their old turnstiles with modern fare gates. That's something the TTC decided to do because they felt it would provide a better customer experience; it would help bring their infrastructure into a more modern day; it would allow them to have two-way fare gates rather than one-way turnstiles. There's a whole bunch of benefits. Accessibility is another benefit of improving their fare gates.

That program is going to take the TTC throughout the calendar year 2016 to complete. When we finish that, we will have the TTC fully deployed. That would mean that we have access across the system.

The final stage will be the TTC's plan to gradually withdraw their legacy fare media and put more and more of their customers onto Presto. That would mean that tickets would disappear, tokens would disappear and ultimately the Metropass as a separate product would disappear, and people will be using Presto or using cash.

I think that will ultimately be the way we grow the base from the current 1.7 million customers to another 1.8 million customers.

**Mrs. Marie-France Lalonde:** Thank you very much.

**The Chair (Mr. Ernie Hardeman):** That concludes the time. We'll now go to the official opposition. Mr. Harris, you have 16 or 17 minutes.

**Mr. Michael Harris:** Okay. I'll take the 17.

We were on Presto development. I'm wondering if you can share with the committee the cost, to date, for developing and implementing the Presto and Presto Next Generation card.

**Mr. Bruce McCuaig:** The Presto Next Generation program cost \$187.1 million, in terms of updating all the various elements that were built into that program.

**Mr. Michael Harris:** That's the total cost?

**Mr. Bruce McCuaig:** For Presto Next Generation?

**Mr. Michael Harris:** No, for both Presto and Presto Next Generation.

**Mr. Bruce McCuaig:** The original base Presto program was \$189 million for development of the system for GO and the 905 transit agencies; \$187.1 million was the cost for Presto Next Generation; and \$53.4 million was the cost for the deployment on the Ottawa system. We're still in the process of the TTC deployment, so I don't have a final number for you for that.

**Mr. Michael Harris:** I also asked about development and implementation costs. I guess here, per the auditor's 2012 audit, the anticipated cost of developing and operating the original Presto and the Presto Next Generation system was \$955 million. Is that correct?

**Mr. Bruce McCuaig:** Yes, that's what is in the report.

**Mr. Michael Harris:** Okay. According to the 2014 update provided to the board at Metrolinx, the cost is expected to increase. What do you expect that cost to increase to?

**Mr. Bruce McCuaig:** We were looking at a number of factors. I indicated a few moments ago that we're building in state of good repair for the replacement—

**Mr. Michael Harris:** But what do you expect the costs to actually be?

**Mr. Bruce McCuaig:** I'll try to get through that for you, sir. The first element would be state of good repair, which would add another \$78.5 million. That would just be basically replacing equipment as it wears out—I think we can all understand that technology has a shelf life of seven to 10 years.

We have new initiatives: things like putting Presto on the new Confederation Line in Ottawa and on the Cross-town here in Toronto. We get requests from the transit agencies. We've deployed Presto on the Union Pearson Express. We expect those costs to be \$124.8 million.

We originally had designed the TTC as what we would call a big-bang deployment: On one day, you turn it all on, and it works for everybody. Our experience in Ottawa and the experience in lessons around the world is that that is not the best strategy in terms of how to move forward. So we broke the TTC deployment down into five stages, and those five stages added about \$63 million, in terms of the deployment.

We have also improved our quality assurance and testing facilities so that we can make sure we get through our customer deployment bug-free. We've gone through our last four major service offerings without any customer-facing issues. That has added approximately \$126 million.

**Mr. Michael Harris:** So you're telling me that we're looking at about \$220 million more than the initial system was anticipated to cost: \$78.5 million, \$124.8 million, \$63 million and \$126 million in addition to the \$955 million that was initially set aside to do this.

**Mr. Bruce McCuaig:** Yes, and please remember that that included state of good repair for ongoing maintenance of the system as well as new initiatives like the new lines that are being built. Obviously, when you build new infrastructure for new lines, it costs additional funds.

**1430**

We also tried to reflect on our experience from the Ottawa deployment, where I think we would all realize that it was not an optimal deployment initially and we needed to do it differently for the TTC. We thought that investing in quality and breaking down the program into five steps was the right thing to do.

**Mr. Michael Harris:** Does Ontario Metrolinx actually own all of its own technology?

**Mr. Bruce McCuaig:** We own the intellectual property for Presto in Canada. We negotiated an arrangement with the service provider about three years ago, where we received ownership of the application of this technology domestically. They retained ownership inter-

nationally so that they can continue to market the system to other jurisdictions.

**Mr. Michael Harris:** So if there are other areas where this technology is implemented outside of Canada, then Metrolinx Ontario would not receive any of the financial benefits of that?

**Mr. Bruce McCuaig:** Outside of Canada, we receive two kinds of benefits from the success of the vendor in marketing the product. For example, the Presto system right now is being deployed in Washington, DC, as part of their program. We get two benefits that have monetary value from these kinds of deployments. First of all, as they update the technology to reflect the needs of that particular community, we get free access to those updates and they just come to us for our possible use. For example, in the case of Washington, they've invested in moving towards open payment, a mobile payment. We now don't have to make that investment because they've already developed the software, tested it in the field and we can take advantage of it.

The second benefit that we get is that as the vendor is more successful, as they build more of these similar kinds of systems over time, we start to receive what I'll call a royalty back. As they're more successful, we get a benefit back from them.

**Mr. Michael Harris:** The auditor also indicated that the contractor failed to meet nearly a third of performance standards in the Presto contract, but Metrolinx did not seek penalties. Why were these penalties never pursued?

**Mr. Bruce McCuaig:** As I indicated earlier on, we were, at that point in time, in the deployment stage of the system. The focus at that point was getting the system up and running and out to as many different transit agencies and customers as possible, and making sure that the system was meeting customer needs, whether those customers were transit agencies or end-user customers. The focus wasn't on collecting penalties from the vendor. The focus was on getting the deployment done.

Now that we've implemented in 10 of those agencies completely, we now feel that we're in a stable state, and it makes sense to make sure that we are rigorous in pursuing remedies where the service provider is not meeting their obligations. We've put in processes and systems so that we can, where we identify issues, start to apply remedies.

**Mr. Michael Harris:** The auditor also noted that, given the expected increase, the board requested staff to retain specialized expertise to conduct a value-for-money analysis on the Presto program and to complete a technology audit to validate the appropriateness and sufficiency of the existing system and future plans. Where is Metrolinx on the value-for-money analysis and technology audit? Has it been completed?

**Mr. Bruce McCuaig:** Yes, they have both been completed. We did retain Grant Thornton to undertake a value-for-money analysis of the TTC program in particular. We felt it was important to demonstrate—because there were alternative ways in which we could

deploy on the TTC, and we felt an important measure was which alternative generated least risk, highest value and the best outcome. So we retained Grant Thornton to undertake that work, and they concluded that the approach we were taking in terms of the TTC deployment was the one that generated the highest value and was the most appropriate for the circumstance.

We also retained the Shore Consulting Group to do a technology audit. They determined, through their audit, that the technology, the platform, the software were all state of the art, were all appropriate for the purpose in which they were being used. The most important lesson that we received from the Shore Consulting Group was the need to continuously invest, update and keep it current. As we know, technology and software change so quickly, and their strongest advice was to make sure that we continue to invest.

**Mr. Michael Harris:** Are those audits posted on the website or are they available to the committee, by chance?

**Mr. Bruce McCuaig:** Sorry, I can't answer the question if they're posted on our website. I believe that the Grant Thornton report has been provided to the Auditor General.

**Mr. Michael Harris:** Okay. If able to, can they be reported to the committee as well?

On to the Union Station revitalization: The auditor indicated with regard to the ongoing Union Station revitalization that there is a lack of control over project costs. Can you speak to the concern and explain why cost controls for such a large project are not in place, and perhaps whether anything is being done to in fact bring those costs under control?

**Mr. Bruce McCuaig:** Yes, thanks for the question. I'd like to first start by saying that across our entire population of projects, we deliver the program to within 5% to 7% of the tendered price. We believe that that's a very good result in terms of our overall environment of cost control systems and processes.

However, we know that there is always an opportunity to improve our systems. The Union Station project, a highly complex project, is a case in point of how we've taken steps to try to improve it—

**Mr. Michael Harris:** I know you'd like to carry on, but I've got about six minutes left, so let's get specific with the cost overrun on the train shed. It's been reported that it's 25% over your initial estimate, bringing the total to about \$270 million. What has caused the massive increase on this particular project?

**Mr. Bruce McCuaig:** I think the elements that led to this kind of an increase were, first of all, the environment of working at a site with the city of Toronto doing a major renovation around, under and over the project—and whenever you have two contractors who are working in the same space, it's never going to be a very positive outcome. We also had the TTC doing a major piece of infrastructure work at the subway station. So the interface between three separate contracting groups was a challenge and created significant pressure on the project.

The second piece that drove this was the complexity of the building itself. It's 100 years old, there are no as-built plans, and every time a wall, a ceiling or a floor was opened, you discovered something new.

**Mr. Michael Harris:** Would you say, though, that policies perhaps need to be changed at Metrolinx to properly identify or do better estimates in terms of these projects? What has gone on after the fact to change the way that you're estimating? Because this is a significant cost overrun.

**Mr. Bruce McCuaig:** Yes, absolutely. The most important piece is, how do we take a lesson from this and apply it in the future? What we've done is, we've taken a much more comprehensive approach to risk identification early in the projects. We bring major projects to our board for endorsement in advance of going to market so that they have an opportunity to review and undertake their due diligence. We're bringing in a more integrated project management system that brings together both the GO system that has been used for many years as well as the system that we've developed for the rapid transit program, and we've been building our project management skills in the organization itself.

The final thing we've done is that we've tried to adjust our contracting methods to make sure that we are transferring the right kinds of risk at the outset to the contractors.

**Mr. Michael Harris:** On that note, there was also an indication that replacing the switches could be twice the amount of the original purchase order. Again, I'm wondering if there's any explanation from Metrolinx as to how these costs have escalated.

**Mr. Bruce McCuaig:** That project is complete now, so the costs are not escalating any further.

**Mr. Michael Harris:** Was it, in fact, twice the amount of the original purchase price?

**Mr. Bruce McCuaig:** I do not have the information here in terms of what the final project cost for that was. One of the challenges with the switch replacement program is that we were growing our service at the same time that we were changing out all of our switches. As you can imagine, the smaller work windows that you have and the more you push those work windows into weekends and between 1 o'clock in the morning and 4 o'clock in the morning, the more complex it becomes to deliver the project.

One of the biggest risk factors that we face is that, as we are increasing service, it becomes more challenging to undertake the work in the live corridor.

**Mr. Michael Harris:** Hopefully, you'll be able to provide the committee with the actual amount that those switches cost.

Also, the auditor's recommendations were to ensure that contracts have firm ceiling prices wherever possible and to monitor their adherence. Has that actually been put in place?

**Mr. Bruce McCuaig:** Yes. We seek a firm ceiling price on our contracts. We try to identify the risks early in the process and we try to identify appropriate con-

tingencies so that we can manage the risks within the agreed-upon and tendered amount. We've tried to put in place an environment that recognizes that in different kinds of projects, there are different kinds of risks, and we need to manage those.

**Mr. Michael Harris:** The regional transportation plan—a few questions with regard to this. Recently, Metrolinx sent a letter to the city of Toronto saying that SmartTrack was unworkable and unaffordable. Was a letter in fact sent to the city of Toronto telling them that?

**Mr. Bruce McCuaig:** Yes, there was a letter that went to the city of Toronto. Context is important: The city staff had provided a draft of their staff report to Metrolinx for our comment—

**Mr. Michael Harris:** Can you provide the letter to the committee?

**Mr. Bruce McCuaig:** Right now, it's a confidential government-to-government piece of correspondence, so I do have some concerns with the fact that it was released publicly to some people. There are some issues with sharing that information at this point in time, given that we are in negotiations.

**Mr. Michael Harris:** I'll leave it to the committee to decide, perhaps, how that works if it's already publicly out there—that the committee also be a recipient of that letter.

There was a brief discussion on the Brampton situation. I'm wondering if you can tell the committee if that consultation process was in place during the recent Brampton LRT debate, and perhaps give us an update as to how that all fell apart in Brampton. That was a recommendation that the auditor made: to ensure provincial, municipal and regional stakeholders are kept up to date on the funding requirements and progress of the regional—

**Mr. Lou Rinaldi:** Point of order.

**The Chair (Mr. Ernie Hardeman):** Point of order: Mr. Rinaldi.

**Mr. Lou Rinaldi:** Is that part of the report, Chair?

**Mr. Michael Harris:** Yes, it's actually a recommendation on page 10.

**Mr. Lou Rinaldi:** Okay. Thank you.

**Mr. Michael Harris:** "Metrolinx should regularly consult with GTHA municipalities and other key stakeholders as the funding strategies are being formulated, especially on options that affect local residents." Can you explain how that pertains to Brampton, or where that broke down?

**Mr. Bruce McCuaig:** We had been working with the city of Brampton and the city of Mississauga for the past eight or nine years on the aspirations for developing a proposal for rapid transit on the Hurontario-Main corridor. Those proposals are a matter of public record. In fact, for a lot of the work that was done and the environmental assessment, the city of Brampton and the city of Mississauga were actually the proponents for those projects.

In the end, the city of Brampton council did not support the project. We are then, as a result of that, moving ahead with a project with the city of Mississauga,

focused from the Port Credit GO station in the south all the way up to Steeles Avenue in the city of Brampton, and we are deferring the section north of Steeles Avenue to downtown Brampton, given that it has lacked the support of the city council.

**Mr. Michael Harris:** So of the \$1.6 billion committed to Brampton, how much will actually be reserved for the LRT?

**Mr. Bruce McCuaig:** We do need to do a design of the terminal station at Steeles Avenue, and it will be different than was originally designed, so it's hard to give you the precise number. But it would be in the order of about \$200 million that would have been set aside for the stretch from Steeles north to Brampton's downtown.

**Mr. Michael Harris:** Thank you.

**The Chair (Mr. Ernie Hardeman):** Thank you very much. That concludes our time for the discussions this afternoon.

We do again want to thank both of you for being here and helping us with our deliberations as we carry on with the review of this part of the auditor's report. Thank you very much for coming in and making yourselves available.

**Mr. Bruce McCuaig:** Thank you to all the members of the standing committee.

**Ms. Carol Layton:** Thank you.

**The Chair (Mr. Ernie Hardeman):** I would just ask the committee, as we clear the room, to go in camera for discussion as to where we proceed from here.

*The committee continued in closed session at 1443.*





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