



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# **Standing Committee on Transport, Infrastructure and Communities**

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TRAN • NUMBER 013 • 1st SESSION • 41st PARLIAMENT

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**EVIDENCE**

**Monday, November 21, 2011**

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**Chair**

**Mr. Merv Tweed**



## Standing Committee on Transport, Infrastructure and Communities

Monday, November 21, 2011

• (1530)

[English]

**The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)):** Good afternoon, everyone.

Welcome to meeting number 13 of the Standing Committee on Transport, Infrastructure and Communities and, pursuant to Standing Order 108(2), a study of the national public transit strategy.

Can you hear us now, Ms. Bütler?

**Ms. Mirjam Bütler (Deputy Director, Union des transports publics de Suisse):** I can hear you and see you now.

**The Chair:** We lost contact for a minute.

Joining us today by video conference from the Union des transports publics de Suisse is Mirjam Bütler, deputy director.

You have a presentation to make. Then we'll move to the committee's questions.

Please proceed.

**Ms. Mirjam Bütler:** Good afternoon, ladies and gentlemen.

I have sent you a presentation. I would like to do a short introduction for about 10 minutes. Then you are invited to ask your questions either in French or English. I understand and speak both.

First of all, what does the Swiss Association of Public Transport do? We have 130 members. They are public transport associations and public transport enterprises that are organized in our association. One of our main tasks is making transport policy and lobbying Parliament and the government. This is one of our main tasks and a very, very important one.

We are also an information platform for enterprises. The enterprises meet in our association to learn how to make and experience exchanges. One of our most important tasks is that we do the management of joint tariffs and rules. We have joint tariffs and joint rules in Switzerland. I will talk about this later.

We're doing education, formation, and training, and we also do the organization of the distribution of ticket revenues. This is also one of our very important tasks.

Of course, we have services for members—for example, if they have very detailed problems concerning laws or new laws. Also, we are a think tank for future development and strategies. We are a kind of neutral association. All of the public transport companies are organized in our association. We have the big ones like the Swiss

Federal Railways, but we also have very small ones, such as, for example, public transport companies in cities.

You can see on page 3 of my presentation that we have a very dense national network. This is a result of our collaboration. We're very proud of our public transport here in Switzerland. We have different actors and roles.

I would like to talk first about the different roles on a Swiss level. Then I would like to talk about the different laws on the cantonal level. As you might know, we have three different levels in Switzerland. We have the communes, then the cantons, and then all of Switzerland. This is the Swiss level. It's very important that we work together and have good coordination and communication.

When we come to page 4 of the slides, you can see the different roles we have. We have 26 cantonal governments. The cantonal governments are important because they organize public transport in their cantons. They order public transport in the cantons, but they cannot do this alone. They have to collaborate to work together with the Swiss level. I will talk about the cantons later.

We have public transport companies. You see them illustrated in the middle of the diagram. They are very important, of course, and there are different kinds of public transport companies, as I've already mentioned, both big ones and small ones. We have the railways, the buses, and the trams. We have everything.

We also have the federal Department of the Environment, Transport, Energy and Communications. We have our Minister of Transport—you can see that on the right side of the slide—and then we have the Federal Office of Transport. Of course, they are very closely linked.

On the left of the page, you can see us, the Swiss Association of Public Transport. We're also trying to influence public transport policy.

What is very important in Switzerland is that we have direct democracy. Direct democracy says, for example, that people can vote on public transport projects.

For example, here in the city of Berne, we had an extension of the tram line. Before it was built, we had a vote at the communal level. We also had a vote at the cantonal level. People have to decide on public transport. This issue is why we have such a dense net, because of course everybody wants very dense and good public transport to be offered in their regions.

•(1535)

The roles of the federal institutions, which are discussed on page 5, include, for example, monitoring and surveillance. They give us a framework for the question of security standards, for example, and they order public transport services, which are very important. They tell the companies and us what to do. They have the role of regulator. Of course, they are the owner of the Swiss Federal Railways and of the biggest public transport companies.

You can see that the federal institutions have different roles. Sometimes it's really a little bit difficult, because the different roles have different interests. As the association, sometimes we have the role of mediator so the different roles of federal institutions can have one common aim.

The last role of the federal institution is that we have someone we call "Mr. Price". He looks at the prices. He controls our prices. For example, sometimes he also has different interests, if you compare his interests, for example, to the owner of the Swiss Federal Railways. This is also one of our challenges: to talk to him and to ask him about our prices.

That was the federal level. The roles of the cantonal governments are shown on page 6. In our 26 cantons, we also have governments and we have parliaments. They're very important because, for example, they decide on education, on public transport, and on health systems.

Cantonal governments also have the role as an orderer for transport services, so the cantons tell the companies what to do. I'm living here in the city of Berne, the capital of Switzerland. For example, if the canton says to the public transport company in the city of Berne that they need to have a bus or a tram every six minutes, they order it and they pay half of the price of it. Public companies make half of the price through ticket pricing, through the revenue coming from customers, and the other 50% is paid by the cantons.

I will talk about finance later on. It's a very complex and difficult system here in Switzerland, but as a main rule, we can say that in the cantons half of the public transport cost is paid by the cantons and the other half comes from ticket revenues.

Of course, the cantons also have a role as regulator or owner of different public transport enterprises. So what we have on the Swiss level, we also have on the cantonal level. For example, the BLS, the second-biggest train company in Switzerland, is owned by the Canton of Berne, where I am living.

I would now like to say something about the financing. I will begin with the financing of infrastructure. This is shown on page 7. We have tried to keep it simple. If we had made it to show what we're really doing, it would have been 10 times more difficult.

•(1540)

You can see that the money is coming from different places. We have the ordinary federal budget and then we have the cantonal budgets and the budget of the communes.

I will now change over to French because it's easier for me, if it is okay for you.

[Translation]

We have the regular federal budget—that is where taxes go—then we have the regular cantonal budget and the regular municipal budget. In Switzerland, we have something really great and very important. We have two funds.

[English]

We have created two funds and they're out of the budget, so this is one of the main advantages of these funds. We don't have the budget discussions every year, but we have funds made for public transport, so we have a long-term view. We have two funds. We have the fund for infrastructure, and we have the FTP, which is *le fonds pour le trafic public*.

•(1545)

These funds are very important. We also had a vote on these funds. For example, for *le fonds pour le trafic public*, we had a referendum in the whole of Switzerland, so the Swiss population could decide whether to make the fund or not.

What we would do with this fund was already defined. For example, we could invest this money in big infrastructure projects. The Swiss population voted maybe 15 years ago and said yes to this fund, and they said yes to how to finance the fund.

Now I will say something about the fund, *le fonds pour le trafic public*, which is very important in Switzerland.

At the moment we're having a discussion about it, because we want to

[Translation]

keep the fund.

[English]

When we introduced it, it was just for a short time. Now we would like to install it as a fund for the rest of our lives. This fund for public transport, *le fonds pour le trafic public*, gets the money from

[Translation]

taxes on mineral oils.

We have the VAT, the value added tax.

[English]

So a part of the tax, *la taxe sur la valeur ajoutée*, goes into this fund.

The third thing is that we have a tax

[Translation]

on lorries, the big lorries that pass through Switzerland.

[English]

Whenever the lorries come into Switzerland, they have to pay something. Also, part of this tax, the lorry tax, goes into the *fonds pour le trafic public*.

So we have a stable fund. This is an important thing in Switzerland. We don't have a bunch of discussions every year, but we finance public transport and the big projects out of these funds.

As for where the money is going, I won't say more about this. Maybe you will have some questions later. One of the main issues is that we have two funds. We have one for infrastructure, for projects in the cities and in the agglomerations of the cities, and the other is the *fonds pour le trafic public*, which is made for the big infrastructure projects of the railways.

[Translation]

Then we have the funding for traffic, the operating costs.

[English]

Here, you can see where the budgets are going. One important thing, which you can see on page 9, is where the subsidies are going. We have subsidies for regional transport at about 19%. We have city transport subsidies at about 16% overall. We have rail freight transport at 3% overall and infrastructure at 62%.

Also, there are express train lines are the trains that are going very, very far. They don't get subsidies because this is the only place where we really get money. With the express lines—the trains that go far—we get money, but for regional transport we don't get money. The customers are paying for the service of express train lines and we are getting the money, but when we offer regional transport or transport in towns and little villages, we don't get enough money, and therefore we get subsidies from the state of about 50%.

So there are no subsidies for express train line services and of course no subsidies for tourist facilities.

I would like to point out one last thing, which is the close cooperation between the public transport companies in Switzerland. You can see an example on page 11. If one goes from Engelberg to Appenzell—these are two very nice tourist regions in Switzerland—and you pass through Lucerne, the cultural city of Switzerland, you have to use six different railway companies. But you have just one ticket, so you have just one price. We have a kind of subsidized price. If you were to total all the distances, the real price would be 39 francs, which is maybe 30 euros at the moment, but the real price you would have to pay is 29 francs, so it's 10 francs cheaper.

We have the idea that we have less revenue per ticket but higher total revenue through more rides. This is one very important thing. It's very easy. You have one timetable in Switzerland and you can watch all the timetables for all the companies. You can buy one ticket for everything. I think this is one of our success factors.

The last point is our challenge for the future. We have to finance more infrastructure projects and also the maintenance of the infrastructure, so we have to get more money for more projects. Of course, public transport is in competition with other tasks, so we need to have discussions. We have to convince Parliament and the government that it is necessary to invest money in public transport.

At the moment, we're discussing our policy on tariffs, because we know users will have to pay more. This is one of our big challenges. We have the challenges of liberalization and regulations. We will have bigger liberalization, but liberalization and regulation are twins: if we have more liberalization, we get more regulation.

All in all, public transport in Switzerland is a success story. It's appreciated by the people, by the customers and the commuters.

This is very brief—it's the most important points—and of course I'm ready to answer your questions.

• (1550)

**The Chair:** Thank you very much.

We'll now go to Ms. Chow for seven minutes, please.

**Ms. Olivia Chow (Trinity—Spadina, NDP):** Thank you.

On pages 5 and 6, you indicate that both the federal and the cantonal governments are ordering transport service. Can you clarify what the difference would be? One would be ordering the rail lines and the other would be for local transit: is that how it's different?

**Ms. Mirjam Bütler:** Yes, that is the difference.

The federal government orders from the federal railway, which is mainly the SBB. This is the most important and the biggest company in Switzerland. It's the Swiss Federal Railways.

The cantons order from the companies they own; they order from the cantonal companies, but also the communes. Of course, they work very closely together. For example, the offices on the federal level and the offices at the communal level work very closely together. They discuss it together and they make plans together, but in the end it's the Swiss government or the cantonal government that decides about the money.

If it's a small sum, it is the government. If it's a very big sum, it's up to the parliaments of the cantons or the Parliament of Switzerland.

**Ms. Olivia Chow:** So how does the funding work, then, not for the rail but for the...? You say that the cantonal government pays 50% of the cost and the other 50% would be from the users. On page 7, I see that you have the federal public transport fund and the infrastructure fund. I assume that the transport fund is controlled by the federal government. Or is it controlled by the...?

• (1555)

**Ms. Mirjam Bütler:** Yes.

**Ms. Olivia Chow:** It's controlled by the federal government, so...?

**Ms. Mirjam Bütler:** It's both.

**Ms. Olivia Chow:** It's both federal and cantonal.

So how are these two funds set up? What triggers the payment? If I'm a cantonal government and order a lot, am I spending mostly federal funds or cantonal funds also? This is a roundabout way to ask how you come up with a funding formula to make sure there's long-term, predictable funding.

I see that you get it through the infrastructure fund and through the federal public transport fund. Then, of course, there is the tax on mineral oils. But focusing on those two, who can access them? Is it a joint decision by the federal or cantonal government or is it just the cantonal government?

**Ms. Mirjam Bütler:** Well, both of the funds, the funds for infrastructure and the *fonds pour le trafic public* are both federal funds, but they get money from different places. As I said before, the *fonds pour le trafic public* gets money from the mineral oil tax, from the lorry tax, and from the *taxe sur la valeur ajoutée*, the TVA.

The infrastructure fund is also a federal fund, but the cantons are paying into the infrastructure fund because it's mainly the cantons and the city that profit from this fund. They pay into the infrastructure funds, and then they make plans. For example, all the cantons make a list of where they would like to invest the money from the infrastructure fund.

The money is allocated to projects in cities and agglomerations. If you have, for example, a valley, and you wanted make a bus office in the valley, it's not paid for. The money from the *fonds d'infrastructure* is just for infrastructure projects in cities and agglomerations.

The cantons make a list and, of course, all the cantons are putting many projects on this list because they want to get the money. Then the Swiss Parliament discusses these projects. They discuss where they would like to invest the money. For example, is it better if it goes into this project in the city of Berne, or is it better if it goes to Geneva, which also has a big need for projects?

They discuss these projects. As you can imagine, they are big discussions, and the cantons make different coalitions because everyone wants to get the money for their project. Normally they make a list and they try to get as many projects on the list as possible. It's the cantons that are making the lists, but it's the Swiss Parliament that discusses the list and says that the money goes to this or that project.

**Ms. Olivia Chow:** Is the fund governed by a formula so the money naturally flows into this fund or is it subject to approval every two years, five years, or ten years?

**Ms. Mirjam Bütler:** It's subject to approval every fourth year. At the moment, we are discussing changing this formula. For example, we will have a parliamentary discussion on the Swiss level about the *fonds pour le trafic public*, and there will be some big changes.

• (1600)

The office of public transport of Switzerland wants to make packages. They're making packages for the fund; the first package is to be 3.5 billion Swiss francs. Some projects will be in this package. Now, they're taking a long-term view, so we will have a long-term view on the first package, which will be discussed next year, but we will also have a long-term view on the second and the third package. We're not only discussing money; it's very concrete, and we're also discussing packages and projects that are to be realized.

**The Chair:** Thank you.

Monsieur Coderre.

[Translation]

**Hon. Denis Coderre (Bourassa, Lib.):** Thank you very much.

Madam, is your name pronounced "Bütler"?

**Ms. Mirjam Bütler:** "Bütler".

**Hon. Denis Coderre:** "Bütler", as I thought. You must have noticed my accent. I am a member from Quebec.

We are always a bit sensitive to the complexity of decision-making processes. We are not big fans of referendums here, but we believe in participatory democracy.

Does the intricacy of your integrated system, which consistently respects the principle of participatory democracy, not hinder the decision-making process when you want to initiate projects? With your very intricate system, how do you actually make things work when you are constantly under this type of pressure to set up projects?

**Ms. Mirjam Bütler:** First, I think the Swiss people are used to the democratic process.

**Hon. Denis Coderre:** Well, yes. Ha, ha!

**Ms. Mirjam Bütler:** In the papers and in discussions, we talk about concrete projects. Let me give you an actual example of a project in Bern. We wanted to create a new streetcar line in a developing region. The planning for that region is crucial. For example, we built a big shopping centre and we added a pool. There was a bus every two minutes in that region. You can imagine that it was very difficult to use the bus line in the city because of traffic jams, especially since the bus had to go by every two minutes. So we decided to build a streetcar line. The ideas materialized within companies. It was the City of Bern's company, Bernmobil. How should I say it?

[English]

Well, the City of Berne owns Bernmobil.

[Translation]

We then contacted the heads of the canton. They were as convinced that something had to be done, because there were so many people on the buses. They were really packed all day long. So the City of Bern, the canton of Bern, and Bernmobil sat down and came up with a project.

**Hon. Denis Coderre:** Participatory democracy is the ratification of guidelines agreed on by all the players. That's also a part of it.

**Ms. Mirjam Bütler:** I didn't understand.

**Hon. Denis Coderre:** I'm sure it's because of my accent. Ha, ha!

**Ms. Mirjam Bütler:** No, no, that's not it. Ha, ha!

**Hon. Denis Coderre:** The people in the government don't understand my French because they speak English, but that's another story.

What I am saying is that all players, be they from the company, the canton or the city, have a specific direction in mind. The relationship with the public that is defined by participatory democracy often entails a ratification process of the direction specified by the players. Is that what you were saying?

•(1605)

**Ms. Mirjam Bütler:** Yes, maybe. I am going to continue. We created this project together. We then had two referendums. We held a vote in the City of Bern, because the city was supposed to pay. Then we held a vote in the canton of Bern, because we also needed the canton's funding and, most importantly, we wanted money for the infrastructure. But we could only receive money for infrastructure if the cantons also provide funding. We held two votes—it was a bit more complicated, but I am going to cut the story short. The public was really in favour of the streetcar. The streetcar is something concrete. When we received the money, after the votes, the new streetcar line was built. Ever since the streetcar line was opened last year, things have been working very well.

**Hon. Denis Coderre:** Would it be fair to say that it is crucial to get the public involved when implementing a national or integrated public transit strategy? The situation in Canada is obviously a bit different from the situation in Switzerland. Even so, based on your experience, do you think that this way of doing things could be implemented? Your districts are our municipalities, and your cantons are our provinces. Do you think that your way of doing things could work for Canada?

**Ms. Mirjam Bütler:** It is hard for me to say whether that could work in Canada. But I think it is crucial to get the public involved in the decision-making process. At the same time, that could be done differently, not necessarily through a vote.

For example, for the Tram Bern West project, we formed a group of people from all parties, district representatives, who met a number of times. We really tried to hear them out on their concerns, what is important to them and their ideas for the lines. For example, very old trees had to be cut down, which stirred a lot of emotion. We had a real discussion and I think that's important. So it doesn't have to be through a vote, but the public has to be involved.

Let me give you as an example the Stuttgart 21 project, the new railway station in Germany. Stuttgart is a big city, not far from Switzerland, where a new station was built.

[English]

It is an underground station.

[Translation]

That's a major project already underway and now there are big demonstrations because the public does not want it. They started discussions, but they also started to build.

So I think that it is very important and more useful to talk with the public before starting a project, sooner rather than later. It is also important that those projects really have a solid basis.

**Hon. Denis Coderre:** Thank you very much.

[English]

**The Chair:** Thank you.

Monsieur Poilievre.

**Mr. Pierre Poilievre (Nepean—Carleton, CPC):** Thank you very much for being with us.

Are these transport companies that operate the system privately owned?

**Ms. Mirjam Bütler:** Well, there are very few that are privately owned. Here in Switzerland most companies are owned by the state. They are owned by either the federation—for example, our biggest railway company—or the cantons. Of course we also have some mixtures, so some of them are owned by the Swiss federation and the cantons together. We have almost no private public companies.

**Mr. Pierre Poilievre:** You say here on the mix of costs associated with the various modes of public transportation, for example, that 19% of total regional transport is subsidized. City transport is at 16% and infrastructure is at 62%. How is the rest of it financed? Is it through payers?

**Ms. Mirjam Bütler:** On the slide on page 9, you will see that if you take all the subsidies, they are distributed within these four, so 62% goes to infrastructure. For example, with infrastructure, another part is financed by ticket revenues. We have to pay track prices. A little bit of the price customers goes to pay is for using the tracks—

•(1610)

**Mr. Pierre Poilievre:** I'm sorry to interrupt. Just so I understand, the total there adds up to 100%. Okay. I understand.

**Ms. Mirjam Bütler:** Yes.

**Mr. Pierre Poilievre:** *The Wall Street Journal* did a study to determine the freedom of various economies around the world. It determined that Switzerland had the freest economy in Europe and the fifth-freest economy in the entire world.

Obviously the success of the Swiss economy is based largely on the fact that it has such a preponderance of economic freedom and free enterprise. What do you see as the role of free enterprise in the provision of mass transit?

**Ms. Mirjam Bütler:** I am not sure whether I really understand the question. Does your question concern private companies or do you mean in general?

**Mr. Pierre Poilievre:** It's on private sector involvement in the provision of mass transit.

**Ms. Mirjam Bütler:** First, maybe I will say a few words about mass transit. If we're talking about public transport, it is very important if people are commuting. For example, in Berne-Zurich we have a lot of commuters, and we have a modal split share of 80%. So 80% of people travelling between Zurich and Berne use public transport and only 20% use private cars.

Here in Switzerland, public transport is very important and is very much used. We could say that public transport here really contributes a lot to our economic wealth, because it's quick, we don't have traffic jams, and people can use it. Public transport has a very important task.

**Mr. Pierre Poilievre:** Thank you for that.

Are all the public transit workers unionized?

**Ms. Mirjam Bütler:** Do they have unions?

**Mr. Pierre Poilievre:** Yes, are they all members of unions?

**Ms. Mirjam Bütler:** You mean...?

[Translation]

How do you say that in French?

**Mr. Pierre Poilievre:** *Les syndicats.*

**Ms. Mirjam Bütler:** Yes, *les syndicats.*

**Mr. Pierre Poilievre:** Are they unionized or not?

[English]

**Ms. Mirjam Bütler:** You would like to know

[Translation]

whether they are active members of unions?

**Mr. Pierre Poilievre:** Yes, are they union members?

[English]

**Ms. Mirjam Bütler:** I do not understand. I'm sorry. Just say it again.

**Mr. Pierre Poilievre:** There are unions. Are the public transit workers—the drivers, the maintenance crew—members of unions?

**Ms. Mirjam Bütler:** We have members of unions, but it's very different. It really depends on the region you are in. For example, in the Catholic regions, workers are not very well organized, not like they are in other regions. It really depends on the company you are with and the region you are in. In general, we can say that Swiss workers are not very well organized compared with those in other countries such as France or Italy, for example, if you are comparing European countries.

Nevertheless, we have regular discussions with the trade unions. We discuss fringe benefits and how wages are developing. The trade unions are important partners, even though not many workers are organized into unions.

•(1615)

**Mr. Pierre Poilievre:** Do you know the percentage of workers who are organized as part of unions?

**Ms. Mirjam Bütler:** No, I can't tell you a percentage. It differs from enterprise to enterprise.

**Mr. Pierre Poilievre:** You explained the process by which your public transit system is funded and administered, and I have to confess that I found it to be extremely complex. Do you find that the degree of layering and the mixed labyrinth of responsibilities leads to management problems, difficulty in executing projects, and so on?

**Ms. Mirjam Bütler:** Well, this construction has been historically built, and I think that until now this construction has worked surprisingly well. As I already mentioned, we have the challenge that federally there are different roles, and this is one of our main challenges. It is very important to have good coordination. For example, we need the coordination of our Mr. Price, who of course wants people buying tickets not to have to pay that much, and on the other side, of the owner, who would like to have some revenue. They have different interests, and this is one of our main challenges. I think until now it has worked extremely well, but we have grown up with it, so we're used to it.

**Mr. Pierre Poilievre:** Thank you.

**The Chair:** Thank you.

Mr. Albas.

**Mr. Dan Albas (Okanagan—Coquihalla, CPC):** Thank you, Mr. Chair.

Thank you, Director Bütler. I appreciate your coming in front of the committee today.

I have a couple of questions, because I'm not as familiar with Switzerland as I'd like to be and you have brought up a number of different topics that are of particular interest.

First of all, what is the population of Switzerland?

**Ms. Mirjam Bütler:** We have about seven million people.

**Mr. Dan Albas:** About seven million people...?

**Ms. Mirjam Bütler:** Yes.

**Mr. Dan Albas:** Approximately how many people use your system on any given day? Let's say on a typical Monday, do you know how many people utilize your services?

**Ms. Mirjam Bütler:** I can't tell you this number, but what I can tell you is that the Swiss population on average makes about 3,000 kilometres a year of trips—this is also if you have little babies with you. This is quite a lot, I guess; it's the second-highest number after Japan.

**Mr. Dan Albas:** Okay. I appreciate hearing that.

In your presentation, you talked about some of the challenges you are facing—

**Ms. Mirjam Bütler:** I'm sorry. I could give you two other numbers that might be important.

We have here in Switzerland two very special ticketing features. We have a half-price ticket. This means that you buy this half-price ticket, which only costs you about 120 euros a year, and then for the whole year pay just half the price on tickets. About 2.5 million people in Switzerland have this half-price ticket.

We have another very important ticket, which is what we call *l'abonnement général*. It is a general ticket. You can get this for a very suitable price. We have about 500,000 people using *l'abonnement général*.

You can use it for free for the whole year on every train, on every tram, on every bus, and on every ship. If you divide the price that you have to pay over 365 days, second-class travel costs about 10 euros a day while first-class costs about 12 euros a day, which is a very good price. Maybe these two numbers will help you.

•(1620)

**Mr. Dan Albas:** Thank you. I appreciate that.

Now, switching gears, in your presentation you said that, moving forward, one of the challenges facing your system is having liberalization and regulatory reform. Usually, liberalization means to do away with burdensome regulations, and regulatory reform typically refers to making them. To me, it almost sounds as if it's the same thing. Can you enlighten me a little on that?

**Ms. Mirjam Bütler:** I can give you an example.

[Translation]

We have the tracks.

[English]

For example, within the European Union, we have liberalization of the tracks, which means that not only can Swiss enterprises travel on the Swiss tracks but also others can, such as French or Italian enterprises, for example. We're going into liberalization.

We say, okay, this is no problem for us, but then the regulations begin, because all the trains have to have the same standards. They must to have the same standards of security and the same systems, such as ECTS, which is an automatic security system for train drivers. We're having more liberalization, but at the same time, we're getting more and more regulations. Sometimes this is difficult, especially for us, because the European Union—and therefore also our office—is trying to make the regulations the same.

It makes a difference in regard to whether you have a big railway company that is going through all of Switzerland or a rather small railway company that is transporting people up in the mountains. We're trying to work together with our Federal Office of Transport so that they're not just taking the European Union regulations and putting them onto Switzerland. We would like to have a differentiation.

**Mr. Dan Albas:** Thank you very much for that.

I'm sure that I only have about a minute left. Does the federal government in Switzerland contribute towards the operating costs of your public transit system?

**Ms. Mirjam Bütler:** No, they do not contribute to operating costs. They contribute only to infrastructure costs.

**Mr. Dan Albas:** Okay.

Thank you very much for your time today. I appreciate your answering all of our questions.

**Ms. Mirjam Bütler:** Thank you very much.

**The Chair:** Thank you.

We'll now go to Mr. Sullivan.

**Mr. Mike Sullivan (York South—Weston, NDP):** Thank you.

Good evening, Ms. Bütler. It's daytime here. I take it that it's evening where you are.

**Ms. Mirjam Bütler:** Yes, it is.

**Mr. Mike Sullivan:** You stated that the Swiss system contributes to your economic wealth. Can you tell us exactly how that happens?

**Ms. Mirjam Bütler:** I cannot give you numbers, but public transport in general is very important. A lot of people are using public transport instead of cars because it's quicker and more reliable, and you're not stuck in a traffic jam. It's much more comfortable. People appreciate being able to work on the trains, for example, and we also have business cars where you can work and use your computer. This is one very important factor.

A second thing is that the population voted to transport freight by train rather than by road, so we are investing into switching freight from roads to trains. Therefore, the government also pays subsidies.

This was a decision of the population, because as you know, we have a lot of lorries, and it's not very nice for the people living in the valleys when the lorries are going through Switzerland all day and all night. Therefore, we had a vote that was in favour of transporting freight not by road but by rail. So we're investing money there.

There are different factors: investing money and also investing in infrastructure. If you have to buy new trains and if you have to build new infrastructure, that is also an investment in our economy. On the other hand, we have people's transport that is very quick. We have a system of two trains an hour between the main cities in all of Switzerland. Normally the train leaves on the hour and the half hour, and the train also arrives on the hour and the half hour, so we are always thinking about the whole transportation system. We're not thinking about going from one place to another: we are thinking about transport chains and we are planning in transport chains.

For example, if I want to go from here in Berne to Vals, which is a very nice place in the mountains on the other side of Switzerland, I do not have to look at the timetable because I know that I will have a whole transport chain from Berne to Vals. I will go from Berne to Zurich and then I will have to change. I will have the perfect time to change and then I will go from Zurich to Chur. For the second train, I won't have to wait for a long time in Chur, because in Chur, the next railway company, which is a different one, waits until the train arrives, and then within five minutes its train leaves. I will then arrive in Ilanz. This is the last station. It's a little village in the mountain. In Ilanz, I will take the bus or postal car to Vals.

So I know that when I leave Berne—for example, at half past two—I will have the whole transport chain all the way to Vals. This must not be underestimated because this is valuable. People know they can rely on public transport. They can go to work. Transportation is always punctual. We have a very high punctuality. This also contributes to economic wealth, of course—

● (1625)

**The Chair:** I have to interrupt there because we have another group of guests coming in. I will thank you for your time today. We appreciate you making the extra effort to be with us today.

**Ms. Mirjam Bütler:** Thank you very much.

**The Chair:** On behalf of the committee, thank you. If you're ever in Canada, come and see us live.

Thank you.

**Ms. Mirjam Bütler:** Thank you very much.

**The Chair:** Thank you.

We're going to take a two-minute recess while our new guests move into their chairs and then we'll proceed.

●

\_\_\_\_\_ (Pause) \_\_\_\_\_

●

● (1630)

**The Chair:** Thank you. Welcome back.

Joining us now from the Société de transport de Montréal are Michel Labrecque, André Porlier, Marc Bélanger, and Céline Desmarceaux.

You obviously know the routine. We're looking forward to your comments and then we'll move to committee questions.

Please begin.

[*Translation*]

**Mr. Michel Labrecque (Chairman of the Board, Société de transport de Montréal):** Thank you, Mr. Chair. You have a copy of the presentation in both French and English. So I am going to do the presentation in French and you will be able to follow along with the help of the images—there's not a lot of text—that give you a snapshot of what STM is. The pictures are bilingual.

**A voice:** Ha, ha!

**Mr. Michel Labrecque:** Joining me today are Ms. Desmarceaux, Director of Strategic Planning at STM, Mr. Bélanger, Director of Government Affairs, and Mr. Porlier, Assistant to the Chair.

In a nutshell, STM is the 14th largest company in Quebec. We have 9,000 employees. The Montreal subway system has four lines, 68 stations and 759 cars. The first cars were made in 1963 and started to run in 1966; the second set of cars were made in 1973 and started to run in 1976 at the Olympics. Our bus fleet has 1,700 buses and only eight of them are hybrid at the moment. All the others run on diesel. We provide 1.2 million passenger rides each day. The STM handles 80% of all public transit use in the Montreal area, which is 70% of all public transit use in Quebec. Other companies in Quebec share this work among themselves: the transit networks of Longueuil, Laval, Quebec, Lévis, Trois-Rivières, Sherbrooke, Gatineau and Saguenay.

The company's budget for 2011 is \$1.1 billion. Roughly half of the revenue comes from passengers and non-tariff revenues, around 50% that is. Montreal municipal taxes represent 34%. Government subsidies for special programs, especially from the Quebec and Canadian governments, are around 12%. We get 7% in regional contributions that come especially from the gas tax and registration fees, and the rest comes from other operation revenues in advertising and marketing.

In a public transit company, the expenses basically go to pay the staff: bus drivers, subway operators, fare collectors, mechanics who repair the cars and the buses. The 24% in goods and services include the diesel and electricity. There are also investment-related expenses. We will come back to that. Of our \$14 billion in assets, the maintenance of our buses and of our transportation centres, as well as unexpected expenses, represent 11%.

On another page, I have included a graph that shows the entire history of public transit in the Montreal area since the end of WW2. At that time, there were nearly 400 million passengers in a year. There was a long decline afterwards because of Montreal households owning cars, the urban sprawl and the highway system being developed. You see a small peak in 1967; that's because of Expo 67, when the subway had just opened. There is another peak in 1976 because of the Olympics, when another section of the subway opened. And there is a big peak, a sharp rise, in the early 1980s, late 1970s when the unlimited monthly CAM pass was introduced. When you put a pass in people's pockets, they are going to use public transit. Then there were some fluctuations and you can see a rise over the past few years because of additional investments from the

City of Montreal and the Quebec government in particular. This year, within a few weeks, we are going to beat the all-time record in 150 years, since the STM was founded on November 27, 1861. It has taken us 150 years to beat the 1947 record, with 405 million trips.

Our company has won a number of awards, including

• (1635)

[*English*]

the American Public Transport Association “best of the best” in North America award as a public transit society.

[*Translation*]

According to Imperial College, London, the Montreal subway is the world's most productive subway in terms of mileage.

Montreal also won the MetroRail award. Subways around the world were compared to each other and we received an award for our commitment to sustainable development. That was two years in a row. On top of that, Moody's Investors Service and Standard & Poor's gave us excellent credit ratings for our loans.

You have a graph that summarizes the 2020 Strategic Plan, STM's strategic plan for the next 10 years. The plan is available in French, and you can watch a 20-minute presentation in English on the website: [www.stm.info](http://www.stm.info). You will notice three lines. The green line indicates the current trend. The blue line is Montreal's 2008 Transit Plan, including additional investments for rolling stock, designated lanes, streetcars and extending the subway. The orange line is a combination of the current offer and a new service offer, without taking into account the increase in people driving alone in cars. Based on that, with a modal shift, we expect to see 540 million trips by 2020.

You are very familiar with the other graph. It shows the population growth in Canadian cities. When we say “population growth in Canadian cities”, we mean “the dynamics of mobility and mobility problems for goods and employees”. Those are the projections for each of your regions and your cities and I am sure you know them better than us.

Let's take a quick look at another chart. Our 2020 Strategic Plan includes a scenario with 50 streetcars, mainly in downtown Montreal, in order to support the growth in ridership. We have also just purchased 468 new metro cars from the Bombardier-Alstom consortium as part of a \$1.2 billion contract. We also want to increase our bus fleet from 1,700 buses to 2,100 buses by 2020. All the buses that we are going to buy will be hybrid vehicles from now on. We currently have buses that run on diesel. Our new buses are going to be hybrid, and we are slowly going to introduce electric buses as well.

At STM, we anticipate investing \$11 billion over the next 10 years in the subway system, in cars and extension, even though the Agence métropolitaine de transport of the Quebec government will be fully responsible for the extension. As for buses, we are thinking about buying new vehicles and replacing the fleet. The streetcar project is estimated at a little over \$1 billion.

Another graph shows the federal government's growing support for public transit in Montreal and elsewhere in Canada. You can see the progression for 2011 in this graph. The Canadian government's contribution to STM is around \$73 million, which has been invested mainly through Building Canada projects. This was possible with the funding from the excise tax on petroleum products via SOFIL. The Canadian government has directly funded the Urban Transportation Showcase that involves testing hybrid buses—a research and development project—and a program you have set up, the Transit-Secure Contribution Program that contributes to national security by allowing devices and cameras, STM devices, to be installed in the Montreal subway.

Some of the STM projects that were funded by the federal government via SOFIL include: the OPUS card, a smart card making it possible to pay for the fare in the bus or in the subway; the purchase of service vehicles; the purchase of buses; and the IBUS project, a real-time information project for our clients and for managing our operating buses.

Of course, I am not going to go into details on the chart that follows, with the \$11.4 billion. In broad terms, the sum is divided into two. The first amount is for asset maintenance, which is essential for us. The company's assets amount to \$14 billion. Maintaining them in good operational condition is a must. The second amount, for a total of \$5 billion, is for optimization and development. So a significant part of the budget, just over \$6 billion goes to maintenance. The items are listed in order of importance. That is the order of priorities for our projects. If we don't have all the money we need, the funds will be allocated in that order, from first to last.

● (1640)

You can see the data on public transportation in relation to Montreal's economy on page 13. You will see how much money was invested in public transit and what the spinoffs were for the metropolitan community of Montreal. The data is from a study done by the Board of Trade of Metropolitan Montreal. The study shows the added value and the direct and indirect jobs that were created, the impact on Canada and Quebec's revenue, meaning on taxes, and finally the impact of public transit investment, which is three times greater than that of private transportation by car. This can be explained by the fact that public transit is three times less expensive than private transportation by car. This allows households to save money that they can invest in other areas of the economy of Montreal, Quebec and Canada.

This is the second study of this kind done by the board of trade.

Let me end with our recommendations. We recommend that a national fund for public transit be created to ensure predictable and long-term funding. Predictability and long term are very important for the current strategies.

We also recommend that funds be indexed. In metropolitan Montreal, a 1.5¢ gas tax was put in place in 1996 and it stayed the same for almost 12 years. That means that the fund went down relative to inflation. So our recommendation is to index the funds, especially the gas-tax fund, which we get through SOFIL.

Our final recommendation is to ensure that public transit remains eligible for the next generation of infrastructure funds in upcoming years. In some cases, it has to do with job creation programs. In other cases, it has to do with programs developed to maintain infrastructure at a national level in order to have a competitive economy.

I am going to leave it at that and let me give you a hand for taking public transit.

[English]

Thank you.

**The Chair:** Thank you very much.

Mr. Nicholls, for seven minutes, please.

[Translation]

**Mr. Jamie Nicholls (Vaudreuil-Soulanges, NDP):** Thank you very much.

Thank you very much for your presentation, Mr. Labrecque.

My first question has to do with the length of the system. What is the current total in kilometres?

**Mr. Michel Labrecque:** Do you want to know the length of the metro system or the bus system?

**Mr. Jamie Nicholls:** I would like to know the total, metro and bus combined.

**Mr. Michel Labrecque:** Our metro system has 71 kilometres, 68 stations and some 750 cars.

As for the bus network, we have about 210 bus lines, spanning 500 kilometres or so.

Our subway cars cover a combined 77 million kilometres annually. Our buses cover 81 million kilometres per year.

**Mr. Jamie Nicholls:** I would imagine you want to expand the number of kilometres.

**Mr. Michel Labrecque:** The number of kilometres has actually gone up over the past few years as part of a program. The program is very easy to understand. It started in 2007 and it will end on December 31. It is called 16-8. The title reflects our objective to increase the service by 16% so that ridership goes up by 8%.

By the end of the year, the kilometres and the service will go up by 23 or 24% and we are going to be close to reaching a 12% increase in ridership.

So, for this year only, we are going to be close to reaching a 4% increase in ridership.

● (1645)

**Mr. Jamie Nicholls:** You talked about STM's priorities. I think the expansion plans have already been submitted, and you gave out a list of priorities.

Is funding still based on your priorities? In other words, do you sometimes get funding for projects that end up being second in the priorities rather than for projects that are first in the priorities?

**Mr. Michel Labrecque:** We are currently working with the City of Quebec and the City of Montreal. We have always been asked what our priorities were since we have had a number of projects. As Chair of STM's Board of Directors, I try to make sure funding goes to priorities. It is very difficult because it is also extremely important to develop new services, to increase the service, and to launch new things. Furthermore, repairing subway tunnels, elevators, ventilation shafts and energy conversion centres is less glamorous, but it is crucial.

When a cable burns out in the Montreal metro, service stops for half an hour to an hour during rush hour. Montreal's subway cars are some of the oldest in the world. They will come to the end of their useful life at 53 years. So replacing the metro cars was the top priority.

At the moment, the money we get from Quebec and from the Canadian government via SOFIL, among others, is used for priorities, but it is not enough. The biggest challenge is finding funds to develop the service we offer. So not only do we have to take care of maintenance, repairs and replacements, but we also have to develop the service.

We are currently pretty much on the right track with our priorities.

**Mr. Jamie Nicholls:** You have talked about creating a national fund for public transit. Could you expand on that, please?

**Mr. Michel Labrecque:** When we received the invitation to appear before this committee—and we thank you—our team thought about Canada's future as a nation, for the next 10, 20 or 30 years. We are not talking about tomorrow because public transit in two years means tomorrow for us. Given the increase in population in Canadian cities and given the major impact that public transit can have on the mobility of workforce and goods, we feel it is necessary to have a national reading, even if each province has its own programs and even if public ground transportation falls under their jurisdictions.

Let's talk about our vision of systems set up by a national government ensuring that workers and goods get from point A to point B. We may buy things online, but the goods are not going to be delivered through a wire. Goods will continue to pass through the highway system. Congestion has huge consequences when it comes to economic competitiveness. The national government already has a fund, consisting of the gas tax, which is redistributed via SOFIL.

So our forecasting is for 10, 20 and 30 years. What resources do we need for the development? It could be a public-private partnership, or it could be done through designated programs, together with the provinces and their programs.

We think that a country like Canada, compared to other OECD and G8 countries, should have a relatively structured plan for its vision of public ground transportation, an area we are experts in more so than other countries.

**Mr. Jamie Nicholls:** Thank you.

I really appreciated your second recommendation to index the gas-tax fund. We have actually introduced a motion to the House that asks for the same thing.

We know that the federal government takes out 10¢ from the gas tax and gives 5¢ back. So this recommendation is quite in line with our party's values.

Could you explain how the distribution might help the Société de transport de Montréal?

• (1650)

**Mr. Michel Labrecque:** Indexing is very simple. Ten years ago, we made a decision about our fares asking our users to contribute. That enabled us to say that everyone was going to make a contribution. The contribution had to consider the CPI, the CPI in relation to transportation, improving services, investment and the impact on ridership.

If the price is too high, you lose clients, which is the same as plain bad news. So we are trying to maintain a progression. Last year, we raised the fares by a little over 3%, 3.25% to be exact. This year, we have a 4% increase. The board will meet to set the new fares.

Let me go back to your question on indexing. When you freeze a fund for five or ten years, the way it was with the gas tax in Montreal, you lose out. Just with the rate of inflation, we might have lost 20 or 25% of the fund.

So we feel that it is always a bad idea to freeze rates just like it is to freeze an excise tax fund. That is why we suggest indexing it. Should that be done every year, on a cyclical basis, with a three or four-year plan to make an adjustment gradually? That can be up to the legislator.

In general, when you freeze a fund for 12 or 15 years, you drive the fund to poverty and that's not a good idea.

**The Chair:** Thank you.

Mr. Coderre, the floor is yours.

**Hon. Denis Coderre:** Thank you, Mr. Chair.

Good afternoon, Mr. Labrecque.

It is always a pleasure to have you here with us. We know you are an enthusiast; we can see that.

I want to look at the federal government's position some more, because it is obviously a totally different story at the municipal and provincial levels. The goal is really to work together and develop a national strategy.

I won't even tell you that I live in Montreal North and that I've been longing for a subway for a long time. It is an old debate and we are not going to get into it again.

**Mr. Michel Labrecque:** But there will be a bus rapid transit, a BRT.

**Hon. Denis Coderre:** We can't wait. Do you think it is going to work?

**Mr. Michel Labrecque:** Yes, it is going to work.

[English]

There is a BRT coming along.

[Translation]

**Hon. Denis Coderre:** Okay. We will be at the opening ceremony to cut the ribbon.

I think your challenge right now is asset maintenance and wanting to develop your services at the same time.

We know that more than 85% of people are going to live in cities by 2025. It is an urban reality. There is finally a development plan underway for the greater Montreal area. We have to fix the urban sprawl situation and whatever it entails.

Let's talk specifically about the role of the federal government, since, clearly, everyone has to respect their jurisdictions. You have talked about dedicated funds. I actually feel we are at the point where we have to talk about dedicated funds, not consolidated funds. Do you agree with me? Should we have an infrastructure fund with a chunk going to public transit? Or do you want to have one fund dedicated to transportation and another to infrastructure? At the moment, we cannot think about infrastructure without thinking about public transit, based on your recommendations.

**Mr. Michel Labrecque:** For us, a national policy on the mobility of goods and people corresponds to a general fund, with a portion allocated to public transit.

Let's take the Champlain Bridge, for example. For the sake of the elected officials who are here, I would say that it is a bridge that falls under national, Canadian jurisdiction. It was a toll bridge when it was built. It now has to be rebuilt. We cannot rebuild this bridge without increasing public transit services significantly. It is impossible.

Right now, in the mornings, articulated buses are bumper to bumper, and the bridge is used to full capacity. But if we are going for a modal shift in providing public transit, you have to keep in mind that you are dealing with a national road infrastructure, that you need funding to refurbish it and that you have to leave room for public transit.

**Hon. Denis Coderre:** Ultimately, the role of the federal government is perhaps to see where the various regions complement each other, without actually taking care of the operations, of course.

**Mr. Michel Labrecque:** Yes. That's right.

**Hon. Denis Coderre:** But it might be appropriate to play a role in applying new technologies, in the context of innovation or research and development.

So we will have to deal with a problem in particular. Your job is to provide local service. We must absolutely make sure that it is really based on improving the quality of life. I personally believe in the digital city concept. There is the reality of everything being connected. So we have to develop a culture at the same time. People are using public transit more and more, but there are still a lot of cars on the road. It is not car versus bus. We know that.

• (1655)

**Mr. Michel Labrecque:** No, no, it is not like that.

**Hon. Denis Coderre:** We agree. But other services are needed. People have to be able to say that the issue of traffic congestion is being addressed because you are involved, but some technology will perhaps have to be involved as well. It is not enough to just say: are we going to choose diesel or electricity? You are working on that, correct?

**Mr. Michel Labrecque:** Yes.

**Hon. Denis Coderre:** Wi-Fi, and so on?

**Mr. Michel Labrecque:** Precisely. That's a great question. Just before me, we heard from a Swiss guest. There are areas where Canada is at the forefront, but when it comes to public transit and even road transportation, if you travel around the world a bit, even in Southeast Asia, you will see that Canada is lagging behind. We have fallen far behind in NIT, in applying new information technologies to individual and public transportation.

Some Canadian public transit companies have a real-time reading of where their buses are. There is the feedback for clients. There is also meshing, the so-called "cocktail transport" where you drive your car, take public transit, bike for part of the way, walk and get back into your car. How do we make those connections? With new information technologies.

A French researcher said that STM carries 1.2 million nameless people each day; in 10 years, even sooner, we are going to carry 1.2 million iPhones and BlackBerrys.

So we know who's there, but how do we talk to them, how do we make the connection? We are starting to work on that.

In the SOFIL program, financed by the Government of Canada, the iBus project is the beginning of that process. But we are a good ten years behind high-performance European or Asian public transit corporations.

**Hon. Denis Coderre:** How is it that Canada—I think we can say *mea culpa*, since we were also in power—does not have a national public transit strategy?

**Mr. Michel Labrecque:** I have no idea, Mr. Coderre. I don't know why.

**Hon. Denis Coderre:** You have...

**Mr. Michel Labrecque:** I know that in the...

**Hon. Denis Coderre:** ...also been on the political side. Does the problem lie with decision-making, or is it a cultural one? I am not talking about partisanship.

**Mr. Michel Labrecque:** Well, the fact is that we have a gigantic territory, and the ground transportation of passengers is under provincial jurisdiction, but with national infrastructures. The bridges are the responsibility of the Canadian government.

I am thinking of the Canada Line project that was built between the Vancouver Airport, the Vancouver downtown core, and the city of Richmond for the Vancouver Olympic Games. That was not a decision that emanated strictly from Vancouver. There's a perspective.

As for the competitiveness and attractiveness of businesses in the cities, the Canadian government has not yet understood the importance, over the next 10, 20 or 30 years, of the value-added effect of effective public transit. How do I move my merchandise if there is a bad traffic jam, what we call gridlock?

On the basis of that analysis of future perspectives, can we continue to see a 2% or 3% increase in single occupant vehicle use, solo driving, without having a vision whereby the provinces will do their share, and the cities will also do theirs? Our role in that regard consists in having an impact on the economy and competitiveness of Canada. This hasn't been grasped because it has probably been approached from other angles. When we were dealing with an infrastructure program, we asked ourselves: what is "shovel ready"? It's an expression.

Clearly, when you are doing maintenance work on infrastructure, you are more willing to repair what you already have. Building a new system takes a long time.

• (1700)

**Hon. Denis Coderre:** I have one last brief question, Mr. Chairman.

It is true that our subway is old and that we have to replace some of its cars as soon as possible. In your 2020 Strategic Plan, won't some contingencies arise? Won't we have some bad surprises? One can have good plans for the future, but our infrastructures, in the current context... I won't talk to you about the Champlain Bridge, but about your case.

**Mr. Michel Labrecque:** No. As for the subway and the bad surprises, the subways of the world are subject to extremely stringent safety rules. The APTA, the American Public Transportation Association, and the UITP, the International Association of Public Transport, perform security audits. We are on scope, on budget, with regard to renewal.

For the tests, the first cars should be ready by 2013, and the first cars for passenger service are expected around 2014. This is crucial for what will follow. In this area, things are going well. We have no concerns about that, but we can't take a maintenance holiday either. We are talking about \$150 to \$200 million a year, easily.

**Hon. Denis Coderre:** Thank you.

[English]

**The Chair:** Mr. Watson.

**Mr. Jeff Watson (Essex, CPC):** Thank you, Chair.

Thank you very much to our witnesses.

I appreciate that my Liberal colleague earlier tried to explain the government's position. I would offer, in friendly reply, that he's welcome to cross the floor and actually speak on behalf of the government. It might be a shorter route for him than what his future path looks like. Having said that.... It's all in fun.

First of all, I want to start with the question of transit planning or the decision-making about.... Let's take Montreal, since you're here to speak on behalf of public transit in that region. You're asking for federal funding. That's one of your recommendations. There are several ways in which you are looking at that. Would you accept a

greater role for federal transit planning or are you suggesting to us that regional or local decision-making should be the way to plan transit priorities for Montreal?

**Mr. Michel Labrecque:** No, I think there's already \$73 million coming from Ottawa in our budget this year in the investment in the SOFIL program from Quebec, and I think that when you are involved with the money, you have a word to say. That means that if you have a plan, an overall plan of where you're heading, of what the importance is and the scope you want to give to what we call national mobility infrastructure for the Canada of the future, you have a word to say around the table on what is to be built and what is to be repaired. The Champlain Bridge, for sure, is more than a local bridge, so on that you have a word to say.

**Mr. Jeff Watson:** When you're looking at project selection, you have a number of priorities over time. Some of them may be competing in terms of priority, or you're determining which ones are going to come first or which come later. What kind of project selection criteria do you apply in your regional transit planning?

Is there a question in any of your planning about the viability of a project, that is, the level at which you expect to recoup a certain amount of costs at the fare box? Do you have a target in terms of what you consider a viable project? Can you enlighten us briefly on some of that? What kind of criteria do you apply? Or is it based perhaps on a series of other factors? We accept that the economics maybe aren't there behind a particular transit project.

**Mr. Michel Labrecque:** Okay. If you look, you'll see that we've assumed all the projects on this page. On the first part of it, you have what we call active.... There is more than \$40 billion in equipment, buses, and Métro stations, so asset maintenance is the top priority before developing any kind of new system.

Then, the second aspect is that when you buy equipment you try not to bring in a new back office, meaning a new system with new equipment, new tools, new products, and new projects. That costs a lot. As I often say, if you don't have a lot of money, paint, bus lanes, and buses do a great, great job.

Then, if you have a little more money, and you want to sustain and increase your ridership, you're looking more towards a system like BRT, which is cost efficient. For between \$12 million and \$15 million, you have a good increase in ridership. Then you look at what we call heavy public transit systems like trams or, more than that, suburban trains or metro. A metro costs a lot: between \$175 million and \$200 million per kilometre.

• (1705)

So in that list, our main objective is *le service à la clientèle*. Our objective is to improve the quality of the service to the clientele and the ability or capacity to have an increase in ridership with cost effectiveness. But asset maintenance is the top, top priority.

**Mr. Jeff Watson:** Currently, federal funding with respect to transit is typically delivered through omnibus infrastructure programs. I see that you have the additional gas tax stream. You're recommending that in addition to transit eligibility and omnibus programs there also be an additional dedicated federal fund of some sort that is specific for public transit.

**Mr. Michel Labrecque:** What we are saying is that there's already a fund, effectively, but knowing a little bit about what is happening around the world, mainly in the G-8 and the countries in the OECD, we're asking if there is what we can call an overall national policy, not only on public transport but on goods and services on the roads.

I gave the example of the Champlain Bridge. It's impossible to rebuild that bridge without including a strong public transit system. We have a public transit system now that has articulated buses, but it's full, full to capacity on that line, so we need to have a fund to.... What should we do with that bridge? We'll rebuild it and we'll include in it that bridge.

It's not only for public transit that you need to have a general policy on funds. It's what we call, in a country like Canada, an overview of where we're heading in the coming 10 to 20 years, in terms of public transport, for sure, but also for goods and services on the roads—

**The Chair:** I have to intervene there. I'm sorry.

Mr. Toet.

**Mr. Lawrence Toet (Elmwood—Transcona, CPC):** Thank you, Mr. Chair.

I wanted to start by going back a bit. Obviously you heard a little of the Swiss presentation we had. They talked—

**Mr. Michel Labrecque:** I know a lot about the Swiss.

**Mr. Lawrence Toet:** Okay. That's good.

She was explaining that in the system the funds essentially come from what we would have at the provincial level, going to a federal level, and then at the federal level, a lot of the decision-making is done, which affects them across, on a national basis. How would you feel about having a system where funds are coming out provincially and then being designated across the country by a federal government?

**Mr. Michel Labrecque:** Switzerland is a small country, if you compare it to Canada, a small country in numbers and a small country in terms of distance, with a long history of democracy. I know Switzerland well in regard to how they work and how they manage to implement their programs. I'm not sure you could apply their model to Canada.

There are so many different models: the States, France, and the Scandinavian countries. I will tell you that in all of those countries there are implications at the federal or national level for how people move around, how we stay competitive, what we call national infrastructure, and how we deal with municipalities, counties, provinces—staat in Germany—and the national level to finance that.

The clientele, the users, are absolutely not able, with all the money they have, to pay 100% of the system in any country that we know of. It's absolutely impossible to maintain the equipment, buy new trams, a new metro, and new buses, and at the same time develop a system.

So in every country of the OECD or the G-8, there's an implication, meaning that if you say "implication", you say, okay, what is the national infrastructure, what's the forecast in 10 to 20 years in terms of the population increase in cities and how they move

around, and how will traffic jams or gridlock will have an implication on, for example, the competitiveness of those cities?

That said, Switzerland, is a nice country to visit. But their train system is close to 100% electric. They have, for a long, long time, developed a system that starts from the small town and goes to the village and then to the city. It's inspiring, but we are, in a way, a long way from there.

• (1710)

**Mr. Lawrence Toet:** Okay.

I haven't been there myself, but I have good friends who also have attested to the timeliness of their system and how you can rely on it.

My question is, then, that while you don't see that as a model that Canada could really follow, where do you see the federal government's participation, and not just in a funding aspect? But if there is the funding aspect of it, then where is our participation in the planning on a federal basis? How do we get involved in that? What is our input into that?

You had expressed before, with Mr. Watson's question, that we had a place at the table, but what is that place? At what point do we say that funds are going to go to this city or to that city? It's nice to say that we have a place at the table, but really, what would the City of Montreal's reaction be if we were to say, okay, but all the funds are going to go to Quebec City?

**Mr. Michel Labrecque:** *Mais*, you're already.... It's not mandatory, but the Champlain Bridge is, while not a wreck, close to it. You have to rebuild it, and you are around the table—

**Mr. Lawrence Toet:** But I'm talking about public transit. You have your priorities within Quebec. What is our role within that set of priorities? Can we overrule your priorities? Can we say no, the priority is going to be different?

**Mr. Michel Labrecque:** Yes, you could say that you won't finance those kinds of projects—for sure.

Let's say we forecast for the next 10 to 20 years how many people will live in the city, how many people will be in cars, and how many cars will be hybrids and electric cars. Do we need to build tens and tens of kilometres of highway—at the cost of those highways—to move all those people in single-occupancy cars? How will we manage that?

So what's the share...? I'm putting myself at the Canadian level. I'll take 15 big cities in Canada and ask what they are heading for. I'm looking at where the industries establish themselves. I'm looking at how the goods will move from those industries to the ships, to the trains, and to our neighbours in the south.

That said, I know—because I know some of the people working at the Ministère des Transports in Ottawa—that you have what we call an "intelligence-added" value to look at the overall picture in Canada and say that in those 15 cities, forecasting the next 20 years, there are strong implications if you do nothing. What will our involvement be? Which infrastructure is our own and how can we manage to finance a sum that we consider vital for the Canadian economy?

I'll give you the example of the Canada Line, which links the Vancouver airport to downtown. That's a plus. You need that. A big city in 2010 that does not have a link between the airport and the downtown is a city that will lose flights. People will complain that it's not good.

**Mr. Lawrence Toet:** It still comes back to the question, then, of who is deciding that priority. You've said that the federal government has the ability to say no, we will not fund that project. What I'm getting at is at what point are we at the table, not saying yes or no to decisions that have already been made, but in the decision-making process? At what point are we involved in that in your mind, in your vision?

**Mr. Michel Labrecque:** It's always a part of the contribution. That said, if you're there for 5%, you have less to say than if you are there.... Again, I'll give the example of the Champlain Bridge. The Champlain Bridge is owned by the Canadian government and you have to rebuild it.

**Mr. Lawrence Toet:** But my question is in regard to—

**The Chair:** I'm sorry. We're starting to run past—

**Mr. Lawrence Toet:** I'm sorry.

**The Chair:** Ms. Morin.

[*Translation*]

**Ms. Isabelle Morin (Notre-Dame-de-Grâce—Lachine, NDP):** Good afternoon, thank you for being here today.

How do you prioritize projects on the Island of Montreal? Do you give priority to projects that will help a larger proportion of the population, by creating new lines, for instance, or do you prefer to cover areas that do not yet have public transit service, which would help a greater number of people?

• (1715)

**Mr. Michel Labrecque:** As you can see from the list, we maintain our infrastructure first, and then we develop new services. When we develop new services, we have to have the same back office. The creation of a new system, like a subway, is expensive. We have to build a new transportation centre, add new tools, and so on.

When we develop services, we have to acknowledge that there are areas where we cannot provide public transit properly. For instance, it costs a fortune to go and get people in residential second-belt suburban areas and bring them downtown.

And so, we have to ask ourselves several questions. When it comes to urban planning, we wonder about where people have been allowed to settle. We wonder what strong axes we can develop so that people start with single occupancy driving: the person takes his or her car and goes to a nodal point, a multimodal station, a train station, a subway station. People who use bikes do the same thing. It is a little more complicated, however, for those who are on foot.

When we develop new services, there has to be a minimum cost-benefit ratio. In certain cases, that minimum can be quite high.

We are under scrutiny by citizens. A bus that is driving around empty is not a good advertisement for public transit. People sometimes say to us that our bus is full in the morning, but that between 10 o'clock and noon, it is empty. I could have it come back

to the garage, but it still has to provide service on the route. Generally speaking, many analyses precede development.

There are two types of situations where we do a lot of development. First, we must provide service to new housing developments that do not have bus service. And then, when a business settles somewhere and does not want to build a large parking lot, and workers may not have the money to travel in single passenger vehicles—which is never a good idea—we will develop new services for them. And that is the picture, in general.

In other cases, we will develop services... I don't know if you know Montreal. At this time, there is a north-south subway line, the orange line, and it is used to full capacity. And so we are developing express bus networks that pick people up in the outlying neighbourhoods and bring them downtown. It is a new strategy.

**Ms. Isabelle Morin:** Personally, I live in the Notre-Dame-de-Grâce—Lachine riding. And so I know Montreal quite well.

I would like to know what to say to my fellow citizens who tell me that they don't use public transit. We know that this is a part of the Island of Montreal that has the poorest service, at this time. I am told that the buses are infrequent or that they are full at certain stops. What can I say to my fellow citizens about the STM vision for west Montreal?

**Mr. Michel Labrecque:** You may tell them that the next three or four years are going to be difficult. We have 1,700 buses. Before we can get new ones, we have to have a transport centre, which will cost between 160 and 175 million dollars to build, because we have to maintain them, repair them, etc.

And so things are going to be tight over the next two or three years. As of 2014, 2015, and 2016, we will have our new transport centres, new buses, and more reserved bus lanes. We will be going from 100 kilometres to close to 350 kilometres, which will help us to save time. With more buses, we will provide service to more people.

As for the subway, the new cars will accommodate more people. Thus, as of 2014, 2015 and 2016, we will be able to redeploy our fleet. We are, most importantly, going to have real-time information, as they have in other cities in Canada.

Don't tell them not to try between now and then. In fact, when the rollout of a public transit system is experiencing a delay, you can't find buses at Dollarama or at Wise's.

[*English*]

You see one year, two years, or three years between the time you have tenders to buy the bus and the time you receive the bus.

[*Translation*]

That is what I can tell you, in general.

I know that that is not much consolation, but things are going to be tight over the next few years.

**Ms. Isabelle Morin:** Had we had a public transit development strategy like the one that is being proposed, including your recommendations and an indexed fund, do you think it would have been possible to obtain buses for my fellow citizens?

**Mr. Michel Labrecque:** I met with the Minister of Transport this morning. The big challenge is to build new transportation centres and purchase buses.

The Canadian program that will be financed by SOFIL represents a breakthrough for us. In fact, it is not very complicated. This system needs money. The clients can provide some of it, but when you have money to build the transport centre and purchase buses, this translates into a number of person-hours. Buses will come by more frequently, and so on. It's not quantum physics.

• (1720)

[English]

**The Chair:** Mr. Adler, for five minutes, please.

**Mr. Mark Adler (York Centre, CPC):** Welcome, Mr. Labrecque.

I understand you're a bicycle enthusiast.

**Mr. Michel Labrecque:** Yes. I don't have a driver's licence. I never have.

**Mr. Mark Adler:** You have bicycled, I understand, through 20 different countries.

**Mr. Michel Labrecque:** Yes, I am a cyclist, and I'm now the chairman of the board of STM, but I've spent my life in public transit and biking.

**Mr. Mark Adler:** I was very interested in reading that about you.

We had Gary Webster here from the TTC. We were talking about his budget on both the revenue and the expense side. On the expense side, he said that his breakdown was 80% going to wages. What is your breakdown?

**Mr. Michel Labrecque:** You have that in our presentation on page 3. It is revenue of \$1.1 billion. Expenses are the same because we are obliged just to have a budget that is kif-kif, as they say in Morocco. In terms of expenses, 45% is for remuneration of bus drivers and people who do repairs,

[Translation]

the *changeurs*—I don't even know the term in English—ticket collectors—as well as the

[English]

Métro drivers; 24% on goods and services such as diesel, electricity, and product repair; and 11% is debt servicing and financing costs—and that part will increase. When you buy \$1.2-billion worth of Métro cars and \$1.2-billion worth of equipment—simulators—it means that will have a great impact on our debt and that part of the budget.

**Mr. Mark Adler:** So your wages, as a portion of it, are considerably lower than what is in Toronto. I know you can't give reasons for that—

**Mr. Michel Labrecque:** Yes.

**Mr. Mark Adler:** It is what it is. But how does it compare with other jurisdictions like those of New York or Washington or...?

**Mr. Michel Labrecque:** I will say that in the Société de transport it's between 55% and 75% for all public.... You need a bus driver in the front of the bus. A metro performs quite well; you have one

operator for 1,000 people. You now have metros that are fully automatic, without operators. You see that in Asia.

**Mr. Mark Adler:** In Asia, yes.

**Mr. Michel Labrecque:** Anyway, you need people to repair them, to maintain them, and to clean them, and there is no other way to do that, so the average is as low as 55% and as high as 75%.

**Mr. Mark Adler:** Fare collection: how does that operate?

**Mr. Michel Labrecque:** With fares, between—

**Mr. Mark Adler:** Is it automated or do you have people sitting in booths like they do in Toronto?

**Mr. Michel Labrecque:** No, it's completely automated. We have a card with a chip, which is not the case in Toronto. You put in a card with this Moreno chip and there are up to six choices: monthly, daily, and a \$4 all-nighter starting at 6 o'clock until 5 o'clock in the morning. You put that in the chip and you adjust it. There's no contact. You get on the bus, pass it through, and you get in.

**Mr. Mark Adler:** Really. How long has that been in operation in Montreal?

**Mr. Marc Bélanger (Director of Government Affairs, Société de transport de Montréal):** Since 2008.

**Mr. Michel Labrecque:** It performs quite well. It's a good service. Also, there are a lot of new options that we will promote. We have a new pass for students at the Université de Montréal. We have new products that you could add. You could open your hotel room with that card.

**Mr. Mark Adler:** You can load a lot onto that card—

**Mr. Michel Labrecque:** Let's say you have a tourist in Montreal. You can combine that with access to his hotel, to a festival or a fair, or to the bus. You put all that in the chip; it's like a credit card with the new chip. It's mainly for public transit, but it has great potential.

• (1725)

**Mr. Mark Adler:** That's quite an advanced system you have.

**Mr. Michel Labrecque:** The new systems are even more high tech. They use the iPhone and the BlackBerry. You just pass it in front of the screen. The Germans started that.

We will do some testing in Montreal. You just put your iPhone or Google Android in front of the screen. You have a tag and it will be charged to you. We're looking for the close contact, the contact chips that are in the MasterCard and Visa card, but it will cost a little bit more for the system. Instead of \$3, we will add a small fee to pay for this new kind of system. It's more for tourists or people who don't often use the network. They have their credit card, and they don't want to

[Translation]

get mixed up.

[English]

They can just pass their credit card in front of the screen and they'll be charged. To get an easy form of payment is a good way to increase ridership.

**Mr. Mark Adler:** Yes, absolutely.

**The Chair:** We have to move to Ms. Chow.

**Ms. Olivia Chow:** I think the Toronto operating expense doesn't include the debt servicing and financing costs, so 80% is comparing apples and oranges, but that's neither here nor there.

The investment of \$11 billion over 10 years, is that what you are looking for, or do you have the funding?

**Mr. Michel Labrecque:** Yes, that's the investment budget over 10 years—

**Ms. Olivia Chow:** How much do you have ready? This is what you want?

**Mr. Michel Labrecque:** Yes.

**Ms. Olivia Chow:** What do you have so far?

[Translation]

**Mr. Michel Labrecque:** Where are we at?

[English]

We have half of that.

**Mr. Marc Bélanger:** Yes, half.

**Ms. Olivia Chow:** So you need that kind of growth. It needs to grow, because you are looking at 4.2 million people in Montreal. But where is the other 50% of the funding coming from? What part of it is municipal, provincial, or federal?

**The Chair:** If you can answer it in less than two minutes, that would be fine.

**Voices:** Oh, oh!

**Ms. Olivia Chow:** And solve all our problems—

**Mr. Michel Labrecque:** It would be really hard in less than two minutes.

I will say that the green part, the subway, is not financed at present. The mayor of Montreal has created a committee with the Montreal Chamber of Commerce to find new ways of financing that green part.

For the yellow part, it will be financed half and half—STM and the City of Montreal, the two together, and the other 50% will come from the Quebec government, part of it coming from SOFIL.

For the Métro, it's more 75% and 25%, with 75% coming from the Quebec government and 25% from STM-City of Montreal and the city around Montreal, the Montreal metropolitan area.

On the part of the Canadian government in that, we will answer after today. This year, in 2011, there is \$73 million in the overall budget—not the operating budget, but for financing new projects. We could extract from that where exactly the money from the Canadian government goes. We have a list, but not specifically by project.

**Ms. Olivia Chow:** Right. So in order to continue to grow, because you do have the chart, the federal government contribution.... Have you predicted, using this chart, what you need the federal government to do from 2011 to 2020 in order to assist you? Do you have such a chart? What does it look like? Right now it stops at 2010—

**Mr. Michel Labrecque:** We know that in the budget in 2020 there will be a deficit of \$327 million between the revenue and the expenses at the end of the 2020 plan, meaning it's not investment. It's an operating budget. There's a deficit of \$327 million. It's caused greatly by the increase in the reimbursement of the investment in the maintenance of our equipment and buses and replacing them.

• (1730)

**The Chair:** I will intervene there and thank you for being here today. I appreciate your comments and look forward to riding that bus or that train in Montreal. Thank you.

As for witnesses, just so you know, the next meeting will be with the department. We've set aside Monday to review what we've heard. On Wednesday we'll have the minister and department. Just to advise you, make sure to check your date and time on the Wednesday with the minister. It starts at four o'clock, not 3:30, and it will run until six o'clock.

The meeting is adjourned. Thank you very much.







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