

**GOVERNMENT OF ONTARIO**  
**SUBMISSION TO THE *CANADA TRANSPORTATION ACT (CTA) REVIEW***

**OVERVIEW**

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The CTA Review process is a unique opportunity for all levels of government, industry participants and stakeholders to take stock and reflect on opportunities to improve the efficiency, safety and environmental performance of Canada’s rail, air, marine, highway, and transit systems, and the connections between them. The Ministry of Transportation prepared this submission in consultation with Metrolinx and partner Ministries, guided by key principles:

- Jurisdiction – issues raised are within federal or shared federal-provincial jurisdiction.
- Fiscal Sustainability – any federal government initiatives undertaken as a result of the CTA Review should not have an impact on Ontario’s ability to set investment priorities.
- Alignment with provincial transformation initiatives – Ontario is comprehensively reviewing its activities to ensure they are relevant, effective, efficient and sustainable. Federal policy and regulations should serve to support these objectives.

This is *a critical economic imperative*. Canada's transportations systems are foundational, and must be supported by: sufficient and stable funding, and policy and regulations which serve to address long term issues such as alleviating congestion in urban centres, shifting demographics, managing the impacts of climate change and transitioning towards a low carbon economy.

**Part I** (pp. 6-19) outlines Ontario’s policy and regulatory priorities relevant to the national transportation policy framework.

- A. The Foundation of A Strong, Growing Economy – the role of competitive systems and smart, efficient regulation; the need for sustained investment in climate resilient infrastructure, especially in the context of shifting towards a low-carbon economy; opportunities to explore innovative infrastructure funding and financing models; the opportunities of transforming the existing GO rail network into a Regional Express Rail (RER) service, and moving forward with other key transit investments; supporting an integrated multimodal system through enhanced data sharing; improving air industry competitiveness; and, expanding marine access to inland waterways and the Great Lakes.
- B. Building Up Strong Healthy Communities – the need to strengthen accessibility standards in areas of federal regulation; and, the opportunities and public value of promoting sustainability and environmental protection.

**Part II** (pp. 20-26) identifies additional specific issues under the CTA, and outlines considerations for possible amendments to the legislation. Examples of issues include: revision of section 95 to address the proper maintenance of railway corridors (e.g., measures to prevent or mitigate wildland fires caused by derailments and railway operations); clarify roles and responsibilities for railway-roadway Orders under section 101 to ensure they match roles and responsibilities under the proposed Grade Crossing Regulations of the *Railway Safety Act*.

## ONTARIO CONTEXT – KEY FACTS & FIGURES

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### A Pivotal Role in the National Economy

Ontario is an important and critical hub in Canada's transportation system – it is Canada's most populous province, and home to a diversified range of industrial, commercial and financial activity that generates 37% of Canada's GDP. Its transportation system is a vital contributor to economic growth and job creation in the province and the country, and provides the goods and people movement that is needed to support economic growth and social well-being.

### An Increasingly Urbanized Population

The province's 13.7 million residents are heavily concentrated in southern Ontario. Some 86% of these (over 11 million people) live in urban communities – 47.6% in the Greater Toronto Area (GTA) alone and a further 21.5% in the surrounding area of central southern Ontario. The Greater Toronto and Hamilton Area (GTHA) is already the fifth largest urban area in North America, after Mexico City, New York City, Los Angeles, and Chicago.

Ontario's population growth is expected to continue at a moderate rate, with total population reaching 15.5 million by 2026 and 17 million by 2036. Toronto will grow faster, with its share of total population reaching 50% by 2025. The transportation needs of Ontarians are diverse – for work, shopping, school, recreation and other travel purposes, and to support the movement of goods and services.

#### Key Facts

- Ontario's highway, railway, airport and marine transportation network supports international trade totalling \$458 billion in 2013, representing 48% of Canada's total.
- Ontario-US trans-border trade alone amounted to over \$302 billion in 2013, with 74% moving by road and 19% by rail.
- Ontario's border crossings are the busiest in the country:
  - Crossings at Windsor, Sarnia and Fort Erie top the list with 5.5 million trucks, and nearly \$200 billion in exports and imports in 2013
  - Over \$640 million in goods move through Ontario highway border crossings every day
- Of the 32,000 km National Highway System identified in 2012, 6,131 km of its core routes and 706 km of its feeder routes are in Ontario and help to link the province from coast to coast and to our international trading partners.
- Over 18,700 km of railway operated by CN, CP and regional railways across the province carried over \$40.7 billion worth of exports originating in Ontario and over \$23.8 billion worth of imports cleared in the province in 2012.
- The St. Lawrence Seaway carried nearly 40 million tonnes of bulk and other cargoes to and from Canadian and American ports in the Great Lakes in 2014.
- Ontario's 31 remote northern First Nations communities are serviced by 3,183 km of seasonal winter roads.

## Ontario's Changing Climate

In Ontario, the impacts associated with a changing climate are already being felt and are expected to become more severe in the years to come. For example, flooding from more intense and frequent precipitation events is projected to occur more frequently in southern Ontario, a reality that is exacerbated by the urbanization of the area (e.g., impermeable surfaces, such as pavement). All major planning decisions will need to be made in this context, considering climate impacts, and ensuring the long-term value of the investments. Protecting Ontario's existing transit and transportation network and services from severe storms is an important and costly consideration when investing in infrastructure. These considerations are especially important for planning, as transportation infrastructure can be negatively affected by the impacts associated with a changing climate.

## Ontario's Transportation Systems

### *Highways & Roads*

There are 9.2 million registered vehicles in the province, including 6.8 million passenger vehicles and 1.4 million commercial vehicles. The provincial highway system alone encompasses over 2,100 km of controlled access multi-lane highways and 14,800 km of other highways, while municipal and other roads bring the entire total to about 250,000 km. In addition, the province administers over 100,000 km of roads on Crown land, with an estimated 30,000 km of resource access roads. Ontario is also home to Canada's only express tolled highway. Ontario takes great pride that its roads are among the safest in North America, and works diligently with its various road safety partners to promote and enforce the safe movement of goods and people on its roads.

**Did you know?** The Ministry of Transportation's network includes:

- 16,900 km of highway
- 2,800 bridges
- 1950 large culverts
- 29 remote airports
- 9 ferry services

GO Transit (as of August 2014, unless otherwise indicated)

- 450 route km (train service)
- 67 locomotives
- Approx. 500 buses (single & double decker)
- Approx. 66 million boardings/year (2013-14 data)

Some of the heaviest traffic on the continent occurs in Ontario. While a certain degree of traffic congestion comes with being an economically prosperous region, excessively high congestion levels affect the movement of both people and goods. According to a Metrolinx-commissioned study, the cost of road congestion in the Greater Toronto Area and Hamilton (GTHA) was estimated at about \$6 billion a year in 2006 (this figure includes both the estimated cost to commuters and the estimated cost to the economy).

### *Public Transit*

Ontario's public transit systems serve residents in more than 130 communities through conventional and specialized services. In 2013, municipal transit systems carried approximately

844 million riders, with some 806 million trips occurring on transit systems serving the fifteen largest urban communities of the province. In the same year, GO Transit, the province's regional transit provider, reported a total of approximately 65.6 million boardings on its rail and bus system.

### *Other Modes*

Finally, beyond provincial and municipal services and infrastructure, the broader transportation sector provides many essential transportation and related services for a wide range of people and goods. VIA Rail, private bus passenger services, and airlines are among those that provide passenger access for many communities across the province and assist tourists in reaching their destinations. Private trucking firms, railways and airlines, the marine transport system, and courier and other shipping and logistics firms are also essential players in the province's economy. Active transportation (e.g. walking and cycling) is essential and highly-used within Ontario's urban areas. Cycling in particular also contributes tourism income to the province. Ontario's airports are also critical links, especially for high-value, low-bulk equipment and products and courier shipments, with U.S. and international destinations, for overseas and domestic tourists, as well as for Ontario's many communities. Of particular note, Ontario's network of remote airports provides connections to regions of the province without all-season roads, including many First Nations communities.

### **Investing for the Future**

Ontario continues to recognize the importance of its transportation system and has invested record amounts in highway and transit infrastructure, including \$10.8 billion in GO Transit since 2003. It also recognizes the importance of municipal transportation, having provided a total of \$14 billion to municipalities in infrastructure funding over the past decade, including \$3.1 billion in provincial gas tax funding for municipalities since 2004. The long-range transportation plan for the GTHA developed by Metrolinx, "The Big Move," continues to be implemented, including the first wave of major transit infrastructure projects across the region.

### *Moving Ontario Forward*

The province's 2014 Budget confirmed the "Moving Ontario Forward" plan to make nearly \$29 billion in dedicated funding available over the next ten years, including up to \$15 billion for priority transit projects in the GTHA and nearly \$14 billion for roads, bridges, transit and other critical infrastructure projects elsewhere in Ontario. In the GTHA, the government has identified transformation of GO Transit to a Regional Express Rail (RER) service as a top priority. GO RER will provide faster and more frequent, electrified, all-day, two-way service on the corridors of the GO Rail network.

Moving Ontario Forward is part of the province's plan to invest over \$130 billion in a wide range of infrastructure over the next ten years, to create jobs, spur productivity and help the province grow and prosper. Ontario's infrastructure plan responds to projected long-term economic, demographic, and environmental changes. These include a more global and service-

oriented economy; a larger, older, and more urbanized population; and the effects of a changing climate.

Ontario has adopted a variety of innovative public-private partnership arrangements, works with other funding partners, and continues to pursue other technology and delivery approaches to support the development, delivery and operation of modern transportation infrastructure that is needed in support of the province's future.

### *Investing in Northern Ontario*

Transportation issues in northern communities are unique and include: the need for access to critical services in rural and remote areas; public safety; and managing impacts of climate change, such as shorter winter-road seasons.

The Growth Plan for Northern Ontario was developed in 2011 to support economic growth in Northern Ontario. The Ministry of Transportation is developing the Northern Ontario Multimodal Transportation Strategy, to help implement transportation directions in the Growth Plan for Northern Ontario. The Strategy will identify transportation policy, program and investment opportunities for a modern and sustainable multimodal transportation system.

The Ring of Fire (ROF) area in northwest Ontario – rich with chromite, nickel, gold and other deposits – will create enormous business and growth opportunities for the mining sector and supporting industries. The province and nine Matawa-member First Nation communities signed a regional framework agreement in 2014 to work together in advancing opportunities. As well, Ontario has established the ROF Development Corporation to accelerate the infrastructure development necessary to open up the area.

## **PART 1: POLICY PRIORITIES**

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### **Delivering on the Objectives of the National Transportation Policy**

*It is declared that a competitive, economic and efficient national transportation system that meets the highest practicable safety and security standards and contributes to a sustainable environment and makes the best use of all modes of transportation at the lowest total cost is essential to serve the needs of its users, advance the well-being of Canadians and enable competitiveness and economic growth in both urban and rural areas throughout Canada. (Section 5, CTA)*

The CTA then states that the objectives of the National Transportation Policy are most likely to be achieved under the following conditions:

- *Competition* – market forces, both within and among the various modes of transportation, are the prime agents in providing viable and effective transportation services;
- *Regulation* – used when competition and market forces are unable to achieve economic, safety, security, environmental, or social objectives;
- *Rates* – do not constitute an undue obstacle to the movement of traffic within Canada or the export of goods out of Canada;
- *Accessibility* – the system is accessible without creating undue obstacles to the mobility of persons, including persons with disabilities; and,
- *Partnership* – governments and the private sector work together for an integrated transportation system.

In reality, these conditions are aspirational. It is unclear that Canada's diverse, and in many ways fragmented, transportation systems fully deliver on the promise of the CTA's National Transportation Policy statement.

As the Review Panel develops its recommendations to government, consideration should be given to how current arrangements may be creating unintended incentives and consequences that negatively impact the vision for a *competitive, economic and efficient* transportation system. The federal government's regulatory and program activities related to the CTA must support the foundational economic role of our transportation systems. The safety, accessibility, sustainability and environmental impact of our transportation systems are also key factors that the Review Panel should take into consideration.

### **A. The Foundation of A Strong, Growing Economy**

Ontario's transportation system is a vital contributor to economic growth and job creation in the province; in fact, it is the backbone of the province's export-driven and service-oriented economy and an essential component to the nation's economic well-being.

Policy issues Ontario is highlighting in this section include: the role of competitive systems and smart, efficient regulation; the need for sustained investment in climate resilient infrastructure,

especially in the context of shifting towards a low-carbon economy; opportunities to explore innovative infrastructure funding and financing models; the opportunities of transforming the existing GO rail network into a Regional Express Rail (RER) service, and moving forward with other key transit investments; supporting an integrated multimodal system through enhanced data sharing; improving air industry competitiveness; and, expanding marine access to inland waterways and the Great Lakes.

### **Competitive and Well-Regulated Systems**

Ontario's extensive transportation system encompasses all modes and includes a wide range of services, facilities and infrastructure that are provided and operated by the private sector, as well as provincial and other levels of governments.

The CTA Review process is an opportunity to reflect on whether the current mix of competition and regulation is delivering on the vision of the National Transportation Policy. The mix of public and private sector participation across modes is in part the legacy of various government divestitures over the years (i.e. airlines, railways, ports). Although the private sector is active, it is heavily regulated and the CTA has impacts on the whole system.

Given the size and diversity of Ontario's economy and geography, and role as a hub in the system, Ontario favours policies that promote efficiency and connectivity across modes – objectives the province continues to work towards in policy development and planning.

**Recommendation:** Regulatory and administrative actions under the authority of the CTA should reflect modal-neutrality (i.e., not 'picking winners'), and should promote a level playing field.

### **Sustained Infrastructure Investment**

Any conversation about delivering a National Transportation Policy statement has to address the question of adequate and stable federal infrastructure funding. There is strong evidence that infrastructure investments are among the best public investments to economic growth, both in the short-term and over the longer term. Smart investments in climate resilient public infrastructure are critical to driving economic growth. Reliable and resilient infrastructure boosts productivity, helps manage congestion and enables goods to get to market faster.

After the post-war construction boom in the 1950s and 1960s, several decades of underinvestment created a significant infrastructure deficit in Ontario. Since 2003, Ontario has made great progress in reducing this deficit with significant and growing infrastructure investments, especially in transit.

Ontario's 2014 Budget confirmed the Moving Ontario Forward plan to make nearly \$29 billion in dedicated funding available over the next 10 years for public transit, highways and other priority infrastructure projects across the province. Moving Ontario Forward will invest up to \$15 billion in priority transit projects in the GTHA and nearly \$14 billion in roads, bridges, transit

and other critical infrastructure projects elsewhere in Ontario in a fair, accountable and transparent manner.<sup>1</sup>

Federal funding needs to be adequate, permanent and flexible to help maintain existing infrastructure and build the new infrastructure that will help us to continue to attract investment and compete globally. While the costs of infrastructure are borne disproportionately by provinces, territories and municipalities, the federal government benefits disproportionately from the economic growth associated with these infrastructure investments. For example, the province invests three times as much as the federal government in public infrastructure in Ontario. Despite this imbalance, the federal government receives roughly equal revenue from the economic activity enabled by modern infrastructure.

Ontario and Québec have jointly called on the federal government to provide additional infrastructure funding through an unconditional block transfer that grows with the needs of the economy.

Recognizing the critical role infrastructure plays, Ontario is calling for a Canadian Infrastructure Partnership — a collaboration with an objective of investing 5 per cent of GDP in infrastructure renewal — the amount that experts suggest is needed to get beyond just maintaining existing capital stock and begin to drive productivity and economic growth. Governments in Canada are currently investing in public infrastructure an amount between 3 and 3.5 percent of GDP.

Federal infrastructure funding needs to be flexible, in order to support provinces' established infrastructure plans and priorities, such as investments in public transit. Currently, provinces are required to negotiate federal contributions on a project-by-project basis, which can often lead to unnecessary delays.

Reflecting a commitment to ongoing renewal, Ontario has proposed legislation, the *Infrastructure for Jobs and Prosperity Act, 2014*. If passed, this will require the government to develop and table publicly a long-term infrastructure plan that: reflects key planning principles; includes an inventory of infrastructure with relevant information like its age, condition and valuation; and, sets out transparent criteria for prioritizing foundational infrastructure projects.

The federal government is also the owner of a number of transportation infrastructure assets across Canada, including in Ontario. As governments around the world move towards a culture of open data and transparency, the Review Panel should consider how a consolidated national infrastructure plan could promote evidence-based decision-making and guide strategic investments.



**Recommendation:** The federal government must do its part and increase its investments in infrastructure so that governments in Canada move towards the five per cent GDP annual investment necessary to drive productivity and economic growth. This could take the form of a new and dedicated infrastructure block transfer and should respect provincial priorities.

The Panel should consider how a consolidated national infrastructure plan could promote evidence-based decision-making and guide federal investments.

## **Infrastructure Funding & Financing Models**

Government resources continue to be scarce relative to the scale of investment needs. As the pressure to use scarce public resources strategically is likely to increase over time, innovative approaches will be needed to bring together the necessary resources.

Ontario is recognized as a global leader in public-private partnerships. The province uses Alternative Financing and Procurement (AFP), a made-in-Ontario, public-private partnership model, to consistently deliver valuable public infrastructure on time and on budget. The AFP model is well established, and provides value-for-money by transferring certain project risks (e.g., construction delays, and long-term maintenance) from the public sector to the private sector. Through Infrastructure Ontario, AFP is considered for all provincially-owned major infrastructure projects (typically, those valued at over \$50 million), as well as projects where Ontario is contributing more than \$100 million in capital funding.

As Ontario moves forward with substantial investments in public transit infrastructure, there will also likely be opportunities to capture land value from development. Properly planned and negotiated, transit expansion can create opportunities for private sector cost-sharing of stations and other infrastructure.<sup>ii</sup>

A federal Infrastructure Bank or Trust could provide a structure for matching infrastructure funding opportunities and institutional investors on a national scale, attracting private investment for public purposes, providing an arm's-length accounting of project funding decisions, and providing assurance that projects are funded on the basis of economic and social benefit. The European Investment Bank provides a model for the Review Panel's consideration.<sup>iii</sup>

Consideration could also be given to establishing a program of federal loan guarantees to reduce the cost of borrowing for provincial governments. As a sovereign market participant, with a diversified national economy and central banking authority, federal borrowing rates are lower than the average of provincial government rates. Given the scale of provincial borrowing to fund infrastructure, and associated amortization periods, programs to leverage the strong federal borrowing power can yield savings to Canadians<sup>iv</sup>.

The savings potential is substantial. An example of this type of program was the federal loan guarantee with Newfoundland and Labrador in 2013 to develop the Muskrat Falls Hydroelectric

Project. According to Newfoundland and Labrador, the loan guarantee is projected to result in savings of \$1 billion in interest costs.

**Recommendation:** The Panel should consider the role a federal Infrastructure Bank or Trust could provide for matching infrastructure funding opportunities and institutional investors on a national scale. The Panel should also consider new financing mechanisms to support provincial investments in infrastructure (e.g. a program of federal loan guarantees to reduce provincial government costs of borrowing).

### **Managing Congestion & Urban Transit Authorities/Rail Corridor Owners**

With large and heavily populated urban areas and extensive economic activity comes a certain degree of congestion. However, in spite of historic recent investments by the province and its municipalities, congestion in some centres is very high, affecting both the movement of people and goods, while imposing costs on economic activity and society.

Since the last CTA Review in 2001, Ontario established Metrolinx, by legislation in 2006, as the regional transportation agency in the GTHA.

In the GTHA, various estimates of the costs of road congestion have been identified over the years. A study commissioned by Metrolinx estimated that, in 2006, congestion posed a \$2.7 billion cost to the economy and \$3.3 billion to commuters. Looking ahead to 2031, this study suggests the costs to commuters in our region and the economy will balloon to \$7.8 billion and \$7.2 billion respectively without extensive mitigation measures.<sup>v</sup>

Under the CTA, Metrolinx can be considered an urban transit authority. Metrolinx owns 80% of the rail network on which it operates, and, as owner, provides third party access rights and use of its rail corridors. Recognizing the evolving role, the Review Panel should consider clearly defining Metrolinx's rights as an urban transit authority and as a rail corridor owner, particularly in the areas of the transportation of dangerous goods and disputes involving the use of Metrolinx-owned corridors.

As part of the plan to manage congestion, and better connect people and jobs, Ontario has committed to transforming its GO Transit commuter rail system into a Regional Express Rail system (RER) over the next decade. Under the Moving Ontario Forward plan, RER will provide faster and more frequent, electrified, all-day, two-way service on the corridors of the GO Rail network. Significant capital infrastructure investments will be required to support the associated RER improvements and operations.

In recent years, Metrolinx has acquired substantial new assets, and is delivering an expanded suite of services across its network, especially through its operating division, GO Transit. Service delivery will only continue to increase with the implementation of RER. As such, Metrolinx, as an urban transit authority under the CTA, is seeking to more clearly define its rights as an urban transit authority and rail corridor owner.

### *Transportation of Dangerous Goods*

As an owner of rail corridors over which dangerous goods are transported by freight carriers, the impact on Metrolinx's passengers and property must be recognized. Metrolinx's rights with respect to dangerous goods carried over its corridors are limited and contractual.

As a result, consideration of new tools is needed to ensure the safety of its passengers and property. Tools to consider include:

- receipt of notice of regulatory violations by freight carriers;
- rights to audit freight carriers; and/or
- statutory rights to suspend freight operations where potential safety issues are identified; &
- specified service windows for the movement of dangerous goods on the Metrolinx network.

### *The use of Metrolinx-owned Corridors*

There is also a need for clarity around the ability of Metrolinx to access the Canada Transportation Agency dispute resolution process to resolve issues with respect to the use of its property, in particular crossings and grade separations. For example, Sections 101, 102 and 103 of the CTA could be updated to include urban transit authorities.

**Recommendation: Clearly define in the CTA Metrolinx's rights as an urban transit authority and as a rail corridor owner, particularly in the areas of the transportation of dangerous goods and disputes involving the use of Metrolinx-owned corridors.**

### **Supporting an Integrated Multimodal System**

A well-functioning national transportation system is optimized across modes. Government can support the development of inter-modal connections by mandating transparency and appropriate data sharing to support policy and planning.

Currently under the CTA, Transportation Information collected through Section 50 is confidential and cannot be made available to the provinces without the authorization of the person who provided the information (as per Section 51). Although under federal jurisdiction, the transportation providers submitting this information (rail, air, marine) have direct impacts on the policy and planning decisions for the provinces in which they operate. For example, relative to other provinces, the Class 1 railways move a higher proportion of intermodal freight through Ontario, and there continues to be significant growth in the overseas intermodal freight volumes.

Transportation information is vital to operational planning, assessment of infrastructure and safety requirements and other evidence-based planning and policy development at the provincial level. Transport Canada and Statistics Canada should provide provincial/territorial governments with authorized access to aggregate mode demand data (rail, marine, air).

Canada is lagging behind the U.S. in a co-ordinated national approach to multimodal models and forecasts with public dissemination of web analysis tools (i.e., a Freight Analysis Framework). The CTA could support the development of national transportation demand models and forecasts - there is potential to reduce duplication in data collection and model development costs, and to improve consistency between provincial estimates of outlooks and infrastructure deficiencies.

The CTA should be updated to provide for the sharing of relevant transportation information to support policy evaluation and decision-making with the provinces, subject to the provinces taking the measures necessary to maintain confidentiality. To this end, the federal government should work with modal carriers to find viable solutions to provide access to fundamental and core aggregate data to support multimodal infrastructure analysis and policy development.

**Recommendation:** Amend the CTA to provide for the sharing of relevant transportation information with the provinces to support policy evaluation and decision making.

### **Improving Air Industry Competitiveness**

Affordable air access is critical to a strong economy and in building a strong, competitive tourism industry. The current approach, in particular the cost structure, is inconsistent with the National Transportation Policy objectives, and negatively impact Canada's economy. Notably, the World Economic Forum's 2013 Travel and Tourism Competitiveness report (WEF) ranks Canada 136<sup>th</sup> out of 139 countries in terms of the competitiveness of our airline ticket taxes and airport charges. According to the United Nations World Tourism Organization, the global tourism market is poised for major growth, potentially doubling from 842 million international tourist arrivals in 2006 to 1.6 billion by the year 2020. Canada must improve its air access and competitiveness to get a share of this projected growth in world travel.

#### **Key Facts**

- More than 80 airlines operate out of Toronto Pearson International to more than 180 destinations worldwide, handling 36.1 million passengers in 2013
- Tourism is Ontario's 9<sup>th</sup> largest export, with foreign earnings of approximately \$6 billion.
- In 2013, there were 3.6 million international arrivals in Ontario by air: 1.8 million among U.S. residents and 1.8 million overseas residents.
- In 2012, tourism generated nearly \$12 billion in tax revenues to all three levels of government.
- Ottawa International handled 4.6 million passengers in 2012

Ontario has strong airport capacity. Toronto Pearson International (Pearson), the second largest entry point into North America after New York's JFK airport, is Ontario's main gateway. Pearson's growth potential as a hub for connecting passengers is challenged by Canada's aviation cost structure and relatively high cost of air travel. Small airports are particularly challenged by capital funding pressures.

## *Review Canada's Aviation Cost Structure & Eliminate Airport Rent*

The high cost of air travel is having a negative impact on Canada's international tourism competitiveness. A recent Tourism Industry Association of Canada (TIAC) report suggests the federal government collects \$850 million annually in aviation taxes and fees including: airport rents, excise aviation fuel taxes, security charges, air navigation charges and GST levied on the Air Transport Security Charge (ATSC) and the Airport Improvement Fee (AIF).<sup>vi</sup> Passengers departing Canadian airports often pay 60% and 75% above the airline's base fare to cover taxes and charges, compared to between 10% and 18% in the U.S.

This cost discrepancy causes a significant leakage of travelers to U.S. border airports – close to 2 million Ontario residents drove across the border last year to fly to their destinations from airports in Buffalo, Niagara Falls, Detroit and Pittsburgh because of substantial savings on ticket prices.<sup>vii</sup> This leakage results in lost revenue, displaced jobs and forgone taxation opportunities across the country with both the Airports Council International-North America and the Canadian Airports Council estimating the economic impact of displaced flights at \$1.3 billion in lost GDP and the loss of approximately 10,000 direct jobs.

Rent on Canada's 25 National Airports System (NAS) airports are the biggest component in an aviation tax burden. Most NAS airport authorities are obligated to pay ground rent annually under their long-term leases with the federal government, which continues to own the airports. The federal policy of charging airports rent is unique in the western world. In Ontario, the GTAA paid \$130 million in federal ground rent in 2012. Since 1996, the GTAA has paid almost \$2 billion in airport ground rent. This equals 2/3 of all airport rents paid in Canada, despite handling only 1/3 of all air traffic.

Ground rents are calculated progressively, based on airport authorities' gross revenues, including revenues generated by new infrastructure that the government played no role in creating. Airports are responsible for financing all capital investments and improvements and raise the needed funds by charging passengers an AIF. The current airport rent formula includes revenues from AIFs so that airports with higher capital investment programs pay higher rents, which amounts to a tax on airport financing costs rather than operating costs – penalizing airports that undertake major capital projects through rent charges. Because ground rents are calculated based on gross revenues of the improved airports today, the total amount that NAS airports have paid to the federal government to date is far in excess of the value of the airports at the time of their transfer to the private sector. Airport authorities try to recoup rent payments by charging terminal and landing fees to airlines, which then pass along the additional costs to their passengers.

**Recommendation: The federal government should undertake a comprehensive review of the entire aviation cost structure, considering the impact of high taxes and fees on economic growth. Transport Canada should establish and implement a plan to phase-out ground rents for airports in the National Airport System (as outlined in the June 2012 report of the Senate Standing Committee on Transport and Communications).**

### *Invest in Small Airport Infrastructure (Remote & Municipal Airports)*

Ontario operates 29 remote airports which primarily serve as a life-line to First Nation communities in the remote Far North, the majority of which have no all-weather road access to the rest of Ontario. The ministry funds most of the capital costs for rehabilitation of infrastructure and has occasionally obtained some funds from Transport Canada's Airport Capital Assistance Program (ACAP). Notably, Ontario funds the operating costs of provincial remote airports in the amount of \$7.3 million annually and capital costs of \$3.5 million per year. Ontario's remote airports program helps promote social and economic development of isolated First Nation communities by maintaining a series of airports which support passenger, freight, medevac and policing services.

The Ministry of Transportation is solely responsible for the operation of the remote airports in accordance with Transport Canada regulations. Increasingly, new federal airport regulations such as Safety Management Systems (SMS), and Runway End Safety Areas (RESA) continue to add to the cost of operating and maintaining this airport network. Historically, Ontario has held discussions with the federal government to outline the variable federal financial participation in First Nation airports across Canada. Ontario has proposed that Canada should be prepared to provide a greater share of the capital and operating costs to the remote airports in Ontario. The high cost of transportation to remote communities is also a factor in the very high prices of nutritious fresh foods that residents are faced with.

Ontario has approximately 84 municipal airports. Most of them receive little or no capital infrastructure funding from a higher level of government on an ongoing basis. Many of the smaller municipal airports are incurring annual deficits, endangering their long-term financial viability. A recent provincial study indicated that 78% of respondent airports did not have enough cash flow to cover operating costs and more than half of respondent airports said their financial viability has declined in the past five years. Ontario's stakeholders continue to raise issues such as: capital infrastructure funding, increased federal regulatory burden (SMS, RESA) and airport fees and charges which add substantially to the cost of operating and maintaining these municipal airports. In the absence of a sustainable and predictable federal funding program, requirements to improve navigation technology and upgrading runways and support facilities put increasing pressure on small community budgets.

**Recommendation: The federal government should consider increased capital infrastructure funding to Ontario's remote and municipal airports to help offset the cost associated with the introduction of new federal airport regulations.**

### **Expand Marine Access to Inland Waterways and the Great Lakes**

Cruising on the Great Lakes is governed by the *Coasting Trade Act* (Canada) and the *Passenger Services Act 1886* (U.S.). These Acts were originally designed to protect domestic passenger shipping interests from competition by foreign-owned vessels. Today, this legislation acts as a barrier to the growth and expansion of passenger cruising on Ontario's Great Lakes and inland

waterways, as itinerary restrictions lead to passenger disruption as a result of increased incidents of border crossing and customs requirements.

For the 2012 season passenger cruise shipping on the East and West coasts of Canada and the St. Lawrence River to St. Lambert lock saw 1100 cruise ships, over 2 million passenger arrivals, and \$1.16 billion in direct spending. However, Ontario has not been able to capitalize on this growing market as a result of the treatment of the Great Lakes and inland waterways under the *Coasting Trade Act*, and related duties under the *Customs Act* and *Customs Tariff Act*. Outdated requirements around calling at consecutive Canadian ports, combined with duties on foreign ships (e.g. \$200,000/month on a vessel valued at \$100 million) creates a cost structure that makes cruising on the Great Lakes and inland waterways uncompetitive.

United States Great Lakes Governors, in collaboration with the provinces of Quebec and Ontario are seeking to improve tourism and cruise ship opportunities on the Great Lakes. It is time to modernize the *Coasting Trade Act* to facilitate increased tourism trade between Canada and the US on the Great Lakes.

**Recommendation: The federal government should undertake consultations leading to the modernization of the *Coasting Trade Act* to facilitate improved tourism trade and all Ontario cruising itineraries on the Great Lakes and inland waterways.**

## **B. Building Up Strong Healthy Communities**

Transportation systems are also the foundation of our communities, and the connections among them. As stewards of the public good, it is critical to consider the breadth of policy implications, looking well beyond the time horizons of the current mandate.

Policy issues Ontario is highlighting in this section include: accessibility improvements for persons with disabilities; and the need to ensure our transportation systems are sustainable and have due regard for the environment.

### **Accessibility**

A key element of the CTA mandate includes ensuring Canada's national transportation system is accessible to all persons, particularly those with disabilities.

Under the *Accessibility for Ontarians with Disabilities Act (AODA), 2005*<sup>viii</sup>, Ontario has already implemented accessibility requirements for provincially-regulated public transportation providers through the Integrated Accessibility Standards Regulation, but these requirements do not apply to federally-regulated services, such as VIA Rail or municipal conventional public transportation providers whose services cross provincial/federal borders (e.g., Ottawa and Windsor). The Accessibility Standard for Transportation<sup>ix</sup> will make it easier for everyone to travel in Ontario. The standard applies to:

- conventional transportation services; for example, London Transit and the Toronto Transit Commission (TTC), except those that are federally-regulated
- specialized transportation services for persons with disabilities; for example, TTC's Wheel-Trans, and the Disabled and Aged Regional Transportation System (DARTS) in Hamilton
- municipalities with specific requirements for those that license taxicabs or provide conventional transportation services
- certain ferries
- other transportation services, for example:
  - public school boards that provide transportation services
  - hospitals, colleges and universities who provide transportation services (for example, shuttle buses)

Keeping in mind the demographic shift Canada will experience in the coming decades, this will be an important opportunity for accessibility improvements for persons with disabilities in areas of federal regulation. In updating the CTA's Accessibility provisions, Ontario recommends consideration be given to Ontario's relevant AODA requirements, for example:

- Aligning federal transportation practices with AODA Customer Service Standards by amending existing codes of practice to add new requirements, such as:
  - Expand the application of the Personnel Training for the Assistance of Persons with Disabilities Regulations to include providers of commuter rail services, extra-provincial bus services, and extra-provincial bus terminals.
  - Require all federally-regulated passenger transportation service providers to provide publicly available accessible customer service policies.



- Require all federally-regulated passenger transportation service providers to provide notice of temporary disruptions to accessible services or facilities.
- Require all federally-regulated passenger transportation service providers to have a publicly-available feedback process on the manner in which it provides goods or services to persons with disabilities.
- Adopting voluntary federal codes of practice for transportation accessibility into regulation (e.g., Intercity Bus Code of Practice, Code of Practice for Passenger Rail Car Accessibility, Code of Practice for Ferry Accessibility for Persons with Disabilities).

**Recommendation:** The federal government should align federal accessibility standards under the CTA with those under the *Accessibility for Ontarians with Disabilities Act, 2005*, including: the Customer Service Standard (i.e., amending existing codes of practice to add new requirements); adopting voluntary federal codes of practice for transportation accessibility into regulation under the CTA; and consider requiring federally-regulated municipal conventional transportation providers (e.g., Ottawa, Windsor) to adopt AODA Accessible Transportation Standard requirements.

## **Sustainability & Environmental Protection**

Greenhouse gas (GHG) emissions and air pollution from the transportation sector are contributing an increasing amount of total emissions in Ontario. Transportation emissions now represent over one-third of all GHG emissions in the province. The Canadian Medical Association estimates that 9,500 premature deaths per year are caused by chronic and acute exposure to air pollution in Ontario alone.

Ontario is moving forward with a series of initiatives that are climate friendly, including Regional Express Rail. As outlined above in Section A, federal financial support for climate resilient infrastructure is a critical driver of sustainability and economic growth. The federal government’s legislative and regulatory framework in the transportation sector should support opportunities to improve sustainability, and help lower transportation-related emissions and a transition to a low carbon economy. For example, Ontario has inspection and maintenance programs in place to help prevent heavy-duty vehicle emission control system tampering, but a federal anti-tampering legislation would raise prevention across all provinces. Reducing overall fuel usage and specific types of fuels that are particularly harmful to the environment will help make the transportation sector more efficient and also reduce both GHG emissions and air pollutants. Examples include regulatory regimes for improved engine operations, anti-idling technologies, and electrification (e.g., the potential electrification of transit lines, higher uptake of electric vehicles, improved charging infrastructure).

Climate change also has an impact on the provincial winter roads network and remote airport infrastructure. For example, the roads may be closed for longer periods to all traffic due to warming trends or severe weather, restricting residents of remote communities from accessing critical services including health care or education. The federal government should consider

assessing and developing a strategy to protect and sustain transportation routes to remote communities (including the development of all season roads) and remote airport infrastructure due to the impacts of climate change. When developing transportation infrastructure funding programs and other programs or strategies, the federal government should consider the potential impact of climate change in terms of lake levels, river flows, extreme precipitation events (flooding), freeze-thaw impacts, and extreme heat.

Transportation systems also have an impact on public health, and associated social costs. This is particularly acute in our congested urban regions. A recent City of Toronto report took stock of a number of these issues: over half of Toronto's air pollution is emitted within the City's boundaries, with the biggest local source being traffic, including all types of on-road vehicles, such as personal vehicles and freight trucks. On average, these sources account for about 280 deaths and 1,090 hospitalizations in the City each year or about 42% of premature deaths and 55% of hospitalizations due to air pollution emitted in Toronto. Although these values have decreased as compared with 2007 estimates that air pollution from vehicles gave rise to about 440 deaths and 1,700 hospitalizations each year, they represent an important health impact.<sup>x</sup>

**Recommendation: The federal government's regulatory framework in the transportation sector, including the CTA, should support opportunities to help lower transportation-related emissions, and to protect and sustain transportation routes to remote communities.**

## **Summary of Recommendations**

1. Regulatory and administrative actions under the authority of the CTA should reflect modal-neutrality (i.e., not 'picking winners'), and should promote a level playing field.
2. The federal government must do its part and increase its investments in infrastructure so that governments in Canada move towards the five per cent GDP annual investment necessary to drive productivity and economic growth. This could take the form of a new and dedicated infrastructure block transfer and should respect provincial priorities.

The Panel should consider how a consolidated national infrastructure plan could promote evidence based decision-making and guide federal investments.

3. The Panel should consider the role of a federal infrastructure Bank or Trust that could provide for matching infrastructure funding opportunities and institutional investors on a national scale. The Panel should also consider new financing mechanisms to support provincial investments in infrastructure (e.g. a program of federal loan guarantees to reduce provincial government costs of borrowing).
4. Clearly define in the CTA Metrolinx's rights as an urban transit authority and as a rail corridor owner, particularly in the areas of the transportation of dangerous goods and disputes involving the use of Metrolinx-owned corridors.
5. Amend the CTA to provide for the sharing of relevant transportation information with the provinces to support policy evaluation and decision making.
6. The federal government should undertake a comprehensive review of the entire aviation cost structure, considering the impact of high taxes and fees on economic growth. Transport Canada should establish and implement a plan to phase-out ground rents for airports in the National Airport System (as outlined in the June 2012 report of the Senate Standing Committee on Transport and Communications).
7. The federal government should consider increased capital infrastructure funding to Ontario's remote and municipal airports to help offset the cost associated with the introduction of new federal airport regulations.
8. The federal government should undertake consultations leading to the modernization of the *Coasting Trade Act* to facilitate improved tourism trade and all Ontario cruising itineraries on the Great Lakes and inland waterways.

## **Summary of Recommendations – cont’d**

9. The federal government should align federal accessibility standards under the CTA with those under the *Accessibility for Ontarians with Disabilities Act, 2005*, including: the Customer Service Standard (i.e., amending existing codes of practices to add new requirements); adopting voluntary federal codes of practice for transportation accessibility into regulation under the CTA; and, consider requiring federally-regulated municipal conventional transportation providers (e.g., Ottawa, Windsor) to adopt AODA Accessible Transportation Standard requirements.
10. The federal government’s regulatory framework in the transportation sector, including the CTA, should support opportunities to help lower transportation-related emissions, and to protect and sustain transportation routes to remote communities.

## PART 2: SPECIFIC ISSUES

The following table identifies specific issues relevant to the *Canada Transportation Act*, and outlines potential outcomes for the CTA Review Panel's consideration in recommending amendments to the legislation.

- MNDM – Ministry of Northern Development and Mines
- MNRF – Ministry of Natural Resources and Forestry
- MOECC – Ministry of the Environment and Climate Change
- MTO – Ministry of Transportation

Section in CTA	Issues	Desired Outcome
5(b), 5(e)	<p>Regulations and public intervention need to ensure modal neutrality and a “level playing field” within the market, per Article 5(b), to ensure fair treatment of all industry sectors (e.g. forestry) and availability of modal options.</p> <p>Article (e) indicates governments and the private sector should work together for an integrated transportation system. (MNDM/MNRF)</p>	<p>Greater integration of modes (i.e. multi/intermodal movement) is necessary to maximize efficiencies and capitalize on existing assets.</p> <p>Modal neutrality and a level playing field will enable growth and competitiveness of all industry sectors (e.g. forest industry), and have a positive impact on Ontario’s jobs and economy. (MNDM/MNRF)</p>
5(e)	<p>There is currently no strategic plan for coordinated infrastructure and development between federal and provincial levels that consider a balanced approach to economic development opportunities and interests of remote and northern communities, or that aligns with community based land use planning in the Far North under the <i>Far North Act, 2010</i>. In areas where new infrastructure is proposed, there exists no mechanism to explore various needs, find funding and understand jurisdictional responsibilities. In some cases, this has resulted in incremental, inefficient development or no development. (MNRF)</p>	<p>Develop a strategic plan between federal and provincial levels for coordinated infrastructure that aligns with the <i>Far North Act, 2010</i> and the Far North Land Use Strategy in order to ensure adequate consideration of regional, remote and northern transportation access and needs.</p> <p>Generally, under the <i>Far North Act, 2010</i>, development cannot proceed until a community based land use plan is approved, unless an exception or exemption applies and, once approved, all land uses and activities must be consistent with the plan(s). The Far North</p>

Section in CTA	Issues	Desired Outcome
		Land Use Strategy being developed by MNRF will guide land use planning matters across the Far North area of Ontario, promote efficient and effective infrastructure networks, and aim to ensure continuity of access and connectivity between communities. (MNRF)
52(1) <i>Industry Review</i>	There is a lack of coordinated process and funding for data collection, analysis and information sharing on remote airports and winter roads. (MTO)	The federal government should consider a lead role for data collection on winter roads and remote airports, particularly given its crucial role in connectivity/mobility to remote First Nations, and the potential vulnerability of remote winter road and airport infrastructure to climate change. (MTO)
52(2) <i>Industry Review</i>	Comprehensive review of the state of transportation in Canada, per Section 52 (2) – consideration should be given to include reports on usage (traffic) and safety on winter roads and remote airports. (MTO)	Improved monitoring and reporting of usage and safety on winter roads and remote airports. (MTO)
52(2) <i>Industry Review</i>	The comprehensive review of the state of transportation in this section has no requirements to include safety and environmental impacts. (MNDM)	Consideration should be given to including a report on safety and environmental impacts of each mode.
66(1) – <i>Unreasonable fares or rates</i>  67(3) – <i>No fares, etc., unless set out in tariff</i>  67.1 – <i>Fares or rates not set out in tariff</i> 67.2 – <i>when unreasonable or unduly discriminatory terms or conditions</i>	Inability of airports in remote areas to meet criterion in the airports Capital assistance Program (ACAP) results in inability to access funding. (MTO).  Funding pressures at small municipal airports has resulted in a disparity in charges between government and non-government aircrafts. (MNRF)	Create a level playing field to ensure equalization of payments (e.g., address disparity and remove added fees for government aircrafts). (MNRF)

Section in CTA	Issues	Desired Outcome
<p>Part III – Railway Transportation</p> <p><i>Noise and Vibration</i> Section 95.1</p> <p>Part IV – Arbitrations</p> <p>Section 151.1(2)</p>	<ul style="list-style-type: none"> <li>• Arbitration of matters between members of the public and passenger rail service operators, including GO Transit (a Metrolinx operating division), intercity rail, and urban rail. (MTO)</li>   <li>• Noise and vibration mitigation during the construction and operation of intercity and urban rail lines. (MTO)</li>   <li>• Clarification of the role of the CTA with regard to possible disputes between the GTAA and Metrolinx in case of the Union Pearson Express, which will be operating into Terminal 1 at Pearson International Airport. (Metrolinx)</li>   <li>• Increase/addition of freight traffic could impact GO Transit. (Metrolinx)</li> </ul>	<ul style="list-style-type: none"> <li>• A review of the scope of the CTA’s influence and role on the review and arbitration of matters or disputes between members of the public, transportation operators (i.e., GTAA) and urban transit authorities. (MTO)</li>   <li>• Due regard given to Ontario process (via <i>Environmental Assessment Act</i>, and Transit Project Assessment Process (TPAP; a 6-month accelerated EA for transit projects), or co-ordination so that these processes are not overwritten. (MTO)</li>   <li>• Metrolinx seeks clarity on the recourse the freight railways may have. (Metrolinx)</li> </ul>
95(1) & (2)	Right-of-way maintenance of rail corridors by railway companies, including measures to prevent and/or mitigate wildland fires. (MNRF)	Strengthen requirements to ensure companies undertake proper maintenance of corridors, including measures to prevent and/or mitigate wildland fires caused by derailments and railway operations. (MNRF)
95(4)	Compensation for loss or damages of wildland fires resulting from railway operations. A number of fires have occurred over the years from derailments and railway operations, leading to high costs to taxpayers. Under the <i>Railway Safety Act</i> , companies are responsible for all aspects of their operations, including wildland fire prevention and mitigation, but often do not pay for the damages incurred. (MNRF)	Strengthen requirements for proper liability and compensation to provinces for damages of wildland fires resulting from derailments and railway operations. (MNRF)

Section in CTA	Issues	Desired Outcome
95.2(2) – <i>Consultations</i>	There is no requirement for the Agency to consult provincial parties.	<p>Adding an explicit requirement for the Agency to consult provincial parties before issuing any guidelines.</p> <p>Recognition of implications in the interaction between provincially-licensed shortline operators and federally-licensed railways. For example, shortline railways are usually handling traffic at through rates negotiated by the national railways.</p>
101, 102, 103	The noise and responsibilities defined in the Grade Crossing Regulations under the <i>Railway Safety Act</i> may not align with the legal framework for authorizing crossings under the CTA. Under the new regulations, MNRF will be the road authority for ‘public’ rail crossings on Crown land, but is not currently party to all crossing agreements under the CTA for these same crossings. (MNRF)	Clarify roles and responsibilities for railway-roadway Orders under s. 101 of the CTA to ensure they match roles and responsibilities under the proposed Grade Crossing Regulations of the <i>Railway Safety Act</i> . (MNRF)
Division V – <i>Transferring and Discontinuing the Operation of Railway Lines</i>  140-146	Rail corridors that have been converted to other uses (e.g., trails)	The CTA could address the issue of converting former rail corridors back to rail use, where there is an economic case for doing so. (e.g., changes in patterns of freight demand, or changes in land uses along a corridor that would benefit from a return of freight or passenger rail service). The CTA currently sets rules for transfer and discontinuing operation in Division V (sections 140 to 146).
Division VI.1 – Public Passenger Service Providers – <i>Dispute Resolution</i>  152.1	Prioritization of passenger movement over freight (section 152 deals with disputes) – passenger train delays were a fairly common issue before Metrolinx acquired more of its own track in the GTHA, and may still be problematic on track Metrolinx does not own. Likely also an issue for VIA.	Improved rules around mixed use of passenger and freight trains on rail lines that are not publicly owned.



Section in CTA	Issues	Desired Outcome
Part III – Rail Transportation	<p>Transit and passenger rail funding, and High Speed Rail Funding</p> <ul style="list-style-type: none"> <li>In many Ontario communities, VIA Rail is limiting or eliminating services and served locations, reducing modal options for Ontarians due to funding reductions.</li> <li>Improved transit, passenger rail and high-speed rail in selected corridors can support economic growth by helping to connect municipalities, and knowledge and innovation hubs to international gateways, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Federal government to consider sustainable subsidies for passenger rail services for regions with low population, as well as sustainable financial support for year-round rail services to communities with few or no other transportation options (e.g., ACR Passenger Rail service between Sault Ste. Marie and Hearst).</li> <li>The federal government has an important leadership role to play in developing and investing in transit, passenger rail and high speed rail as part of a multi-modal national transportation policy. (MTO)</li> </ul>
Part III – Rail Transportation	<ul style="list-style-type: none"> <li>Recognition of the recent activities of Transport Canada to update and improve rail safety legislation and regulations, and the impact to provinces and railway operators. While not mentioned in the discussion paper, the CTA includes provisions related to rail safety. (MTO)</li> </ul> <p>Related legislation: Railway-Highway Crossing at Grade Regulations</p> <ul style="list-style-type: none"> <li>SOR/90-748, section 102</li> </ul>	<ul style="list-style-type: none"> <li>In particular, working with other provinces and stakeholders to address concerns with the shift from current Grade Crossing Regulations which are through the CTA, to new Grade Crossing Regulations in the Railway Safety Act.</li> <li>In light of the new Grade Crossing Regulations, provincial shortline railways should have access to the federal Grade Crossing Improvement Program (GCIP) funded under the Railway Safety Act. (MTO)</li> </ul>
Part III – Rail Transportation	<p>The CTA does not have a specific section(s) on the shipments of oil and other fossil fuels by rail tanker.</p>	<ul style="list-style-type: none"> <li>Improved regulation around the shipment of oil and fossil fuels. In light of the large increase in oil shipments by rail over the past few years, specific</li> </ul>

Section in CTA	Issues	Desired Outcome
		<p>attention to this may be warranted.</p> <ul style="list-style-type: none"> <li>• Further, consideration should be given to compensation for landowners as a result of environmental damage, consistent with section 95 (4). (MNDM)</li> </ul>

<b>Additional Comments for the CTA Review Panel</b>	
<i>(general considerations for the CTA, they do not refer to any specific section in the CTA Act.)</i>	
Issues	Desired Outcome
<p>Ballast Water Regulations in Great Lakes-St. Lawrence River Bi-National Waterway.</p> <ul style="list-style-type: none"> <li>• New Ballast Water regulations, including recently implemented US EPA and state requirements and planned Transport Canada requirements <i>are</i> creating risk and uncertainty. Jurisdictional influences are complex, there are many political and legal sensitivities, and we require continued strong Canadian federal leadership working with the U.S. federal government, states and provinces, and the private sector to protect Ontario's and Canada's interests.</li> </ul>	<ul style="list-style-type: none"> <li>• Rules and standards that are based on science. They should protect water quality with regulations that are fair and consistent across the Great Lakes–St. Lawrence bi-national waterway and with international conventions, and can be practicably implemented by industry. (MTO)</li> </ul>
<ul style="list-style-type: none"> <li>• The upgrading and modernization of transportation infrastructure covered by the <i>Act</i> presents an opportunity for good environmental management, including actions to address climate change. <ul style="list-style-type: none"> <li>○ Expanding, and improving efficiency and cost-effectiveness of Canada's transit system has the ability to produce environmental and economic co-benefits.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Improved coordination between Transport Canada (CTA) and Environment Canada (<i>Canadian Environmental Protection Act</i>), e.g. re: the use of second generation biofuels (e.g., cellulosic ethanol, biodiesel/renewable diesel). (MOECC)</li> </ul>
<p>Environmental issues regarding marine transportation:</p> <ul style="list-style-type: none"> <li>• The Great Lakes Water Quality Agreement signed by Canada and the US in 2012 includes commitments relating to the management of ship-board wastewater and ballast water that are critical to the protection of the Great Lakes from pollution and invasive species.</li> </ul>	<ul style="list-style-type: none"> <li>• Transport Canada is encouraged to reflect the environmental protections committed to in the Great lakes Water Quality Agreement in the CTA and to include Ontario MOECC in ongoing discussions to ensure the implications of federal regulatory changes are understood. (MOECC)</li> </ul>

<ul style="list-style-type: none"> <li>• Transport Canada recently considered relaxation of a prohibition on the use of temporary sewage storage on vessels in inland (fresh) waters as part of a scheduled 5-year review of regulations.</li> <li>• With respect to vessels that are not covered by Ontario regulations (O. Reg. 343/90), weakening of federal sewage storage rules may leave a gap which increases risk of sewage discharge into Ontario waters from vessels other than pleasure boats (e.g. freighters, marine ships, commercial fishing boats).</li> </ul>	
<p>The Ontario government has made the commitment to consider the opportunities available in Ontario for alternate transport (marine and rail) of aggregate materials in response to a recommendation from the Standing Committee on General Government’s review of the Aggregate Resources Act. Federal cooperation may be required to examine and/or address possible barriers or gaps in legislation related to expanding transportation modes for aggregates. (MNRF)</p>	<p>Build awareness of this issue at the federal level. Federal cooperation with province may be required to explore potential enablers in legislation to address barriers or gaps related to alternate transport of aggregates in Ontario. (MNRF)</p>

<sup>i</sup> Ontario 2014 Economic Outlook and Fiscal Review (Fall Economic Outlook) Nov. 2014: <http://www.fin.gov.on.ca/en/budget/fallstatement/2014/chapter1c.html>

<sup>ii</sup> [http://www.mto.gov.on.ca/english/news/transit-reports/TISAP%20Report%20Dec10\\_Report%20Full%20x.pdf](http://www.mto.gov.on.ca/english/news/transit-reports/TISAP%20Report%20Dec10_Report%20Full%20x.pdf)

<sup>iii</sup> [http://www.brookings.edu/~media/Research/Files/Papers/2012/12/13%20infrastructure%20galston%20davis/1213\\_infrastructure\\_galston\\_davis.pdf](http://www.brookings.edu/~media/Research/Files/Papers/2012/12/13%20infrastructure%20galston%20davis/1213_infrastructure_galston_davis.pdf)

<sup>iv</sup> What’s the fix for a stagnant economy? Better borrowing, Scott Clark and Peter DeVries, 2014.

<sup>v</sup> Metrolinx. The cost of road congestion. [http://www.metrolinx.com/en/regionalplanning/costsofcongestion/costs\\_congestion.aspx](http://www.metrolinx.com/en/regionalplanning/costsofcongestion/costs_congestion.aspx) (webpage accessed 2014.11.28)

<sup>vi</sup> Tourism Industry Association of Canada (2012). Gateway to Growth: Our Global Competitiveness Requires a new Roadmap.

<sup>vii</sup> Gill, Vijay. (2012). “Driven Away: Why More Canadians are Choosing Cross-Border Airports”. Conference Board of Canada.

<sup>viii</sup> [http://www.e-laws.gov.on.ca/html/source/regs/english/2011/elaws\\_src\\_regs\\_r11191\\_e.htm](http://www.e-laws.gov.on.ca/html/source/regs/english/2011/elaws_src_regs_r11191_e.htm)

<sup>ix</sup> <http://www.mcass.gov.on.ca/en/mcass/programs/accessibility/transportation/index.aspx>

<sup>x</sup> <http://www1.toronto.ca/City%20Of%20Toronto/Toronto%20Public%20Health/Healthy%20Public%20Policy/Reports%20Library/PDF%20Reports%20Repository/2014%20Air%20Pollution%20Burden%20of%20Illness%20Tech%20Report%20final.pdf>