

ReNew Canada magazine blog

Forget Political Sensitivity: Transportation Needs Funding

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I thoroughly enjoyed Mira Shenker's [article](#) on the transportation roundtable and ideas to implement the Greater Toronto and Hamilton Area regional plan under Metrolinx. To better ensure that there is success in delivering on The Big Move, we will need to stir things up and have a broad-based discussion on appropriate funding tools and strategies over the coming months.

By legislation, Metrolinx must bring forward an investment strategy by June 2013, but the conversation needs to start now. In fact, even Ontario's former Transportation Minister Kathleen Wynne called for an earlier delivery of the investment strategy in 2012. Road pricing is the most controversial tool that has been proposed, particularly when it concerns existing roads and highways, but will likely prove to be the most effective in the long run.

There is always going to be political sensitivity around road pricing solutions, but since it is early in the term of this government, now is a better time to debate bold ideas and begin the process of implementing these ideas, even if only on an incremental basis (such as conversion of HOV lanes to high occupancy toll lanes). We can continue to whine about how bad traffic is in this region or we can have a mature public conversation about ways to address congestion.

From RCCAO's perspective, more needs to be done to shift the emphasis away from road pricing being viewed as another tax to one where it is recognized by the public and businesses as a benefit. Surveys that frame road tolls as simply a tax tend to elicit negative responses; support will rise if questions are posed in the context of a value proposition. Public acceptance will also improve if revenues are earmarked for transportation projects rather than directed to general revenues.

Other funding tools need to be discussed, but these would not necessarily result in the same level of revenue. In addition, road pricing more closely aligns to the user-pay model compared to other tools such as gas taxes, directed sales taxes, or motor vehicle registration fees.

Another idea (proposed by economics professor Harry Kitchen in a 2008 report for RCCAO) is to create a special purpose body that would be responsible for financial matters. Perhaps the province could allocate a certain amount per year—\$2 billion is a figure that has been portrayed as a sufficient level to expand the transit network.

Funding models that are long-term, entitlement-based and plan-oriented (as opposed to application-based, time-limited and project-oriented) will be required in the future. Ideally, both the federal government and Queen's Park will be able to agree on such a funding approach based on legislated long-term commitments.

In his 2010 report for RCCAO, Richard Soberman suggests that such an approach will "allow transportation agencies to capitalize guaranteed cash flows as revenue covenants against the issuance of conventional debt instruments (loans or revenue bonds)." This is preferable to the conventional annual budgeting process of public sector organizations and governments.

Let the intelligent debates begin.