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Fund public transit through up to 10¢-per-litre gas tax hike, Ontario advisory panel recommends

By Peter Kuitenbrouwer

Ontario premier Kathleen Wynne struck the 13-member transit panel in September after spending several months reviewing a list of suggestions by...

Anne Golden recommended a three cent gas tax to rise to 10 cents in eight years, province wide as she released Transit Investment Strategy Advisory Panel report at the University of Toronto on Thursday morning.

54 per cent of that cash will fund transit in GTHA and the other 46 per cent will fund infrastructure improvements in the rest of Ontario.

"A driver in Timmins will not be paying for transit improvements in Toronto," Ms. Golden, chair of the panel, told reporters at the University of Toronto.

Ontario last raised gas taxes in 1992. The current 14.7¢ unleaded fuel tax raises about \$2.4-billion per year. Metrolinx has said it would need \$2-billion to fund various projects dubbed The Big Move.



Paul Bedford, vice-chair of the panel, said the panel will recommend creation of a segregated fund into which all revenues from the new tax will flow. That cash can then only go to transit improvements, he said.

"The number one issue is the lack of public trust in government," Mr. Bedford said. "People were concerned about 'How do we know the money is not going into general revenue?'"

The solution is a trust fund for transit, he said. "An annual report will say how much went in, what went out, and what you got for it."

The panel also recommends financing new light rail, subway and other transit lines through borrowing, at a ratio of 2.5:1, which means Ontario could borrow \$2.50 for every \$1 it raises through new taxes.

Kathleen Wynne, the premier of Ontario, struck the 13-member transit panel in September after spending several months reviewing a list of suggestions by Metrolinx, the provincial transit agency. Metrolinx, after its own exhaustive analysis of how to pay for improvements in public transit in greater Toronto, had suggested a 1 percentage point increase in the HST.

Andy Manahan, executive director of the **Residential and Civil Construction Alliance of Ontario**, said taxing travelers is a more direct means of funding transportation improvements, rather than just increasing the overall sales tax.

"Hiking the HST was viewed by some at Queen's Park as a third rail," he said. "They didn't want to go there."

The panel studied but rejected road tolls, because they are "too difficult to implement," Mr. Manahan said. In the future, Ontario may be able to track toll road users by satellite or put transponders on cars using High Occupancy Toll (HOT) lanes, he said.

The report looks at flowing revenue from new sections of Highway 407, under construction east of Brock Road, to transit improvements. It also mentions increasing corporate taxes and "land-value capture," a development charge that collects back some of the increase in the value of land that is near a new transit line.

"Overall, it is a good report, it is a thoughtful report," Mr. Manahan said.

The province paid Ms. Golden \$900 a day for her services, capped at \$90,000 for the three-month study. Mr. Bedford also received a per diem, capped at \$15,000.

"Everyone else was limited to expense claims for transit or parking," Mr. Manahan said. "I didn't bother; the government needs the money more than we do."

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