

NATIONAL TRANSIT POLICY FRAMEWORKS: WHAT WILL CANADA LEARN FROM OTHER COUNTRIES?



(left) Strasbourg, France; (right) London, United Kingdom

Over the last decade, Canada's federal, provincial and municipal governments have greatly increased their investment in the expansion and renewal of transit systems. However, Canada still lacks a coordinated national framework of policies and programs to guide those investments and maximize their benefits.

Ideally, such a framework would integrate the goals, priorities and activities of municipal, provincial and federal governments. It would set goals for Canada's transit systems and define the roles, responsibilities and priorities for each jurisdiction. It would guide public funding of transit, and define a role for the private sector. Finally, it would identify sustainable funding sources to enable the necessary operating and capital transit investments.

CUTA has spent several years promoting the need for a national transit policy framework, and Canada's federal and provincial governments agree on the need for one (see Issue Paper 37, *Canada's Transit Policy Framework: A Consensus Emerges*, at www.cutaactu.ca). Now, it is time for stakeholders to hold an informed discussion about how to structure the framework, and what it should include.

Fortunately, many other nations have developed elements of their own national transit policy frameworks. CUTA is nearing completion of new research to identify what they have learned, and to illuminate Canada's own way ahead. This issue paper

summarizes the findings from this examination of fellow G8 nations (United States, United Kingdom, France, Germany, Italy, Russia, Japan) as well as New Zealand, Australia and the Republic of Korea. The following sections reveal the researchers' key findings, and identify areas where their recommendations could help Canada benefit from the lessons learned by our international peers.

Overview of analysis

As a first step in the research conducted for CUTA, the consulting team reviewed the national transit policy of each country and conducted follow-up interviews to identify major elements, which were then grouped under several themes that are important in the Canadian context. For example, financial elements were divided into five themes: **financing**, **fare subsidies/tax exemptions**, **capital funding**, **operating funding**, and **allowances for local revenue generation**. The theme of the **private sector's** role was included to reflect its prominence in policies of both Asian and European countries. **Social inclusion** is a key value incorporated into the public transit policies of many countries, so it was also included. **Administrative support** and the **level of policy integration** were included because of their relevance to governance concerns. The treatment of **autonomous regions** was an important element of several national transit policies. Finally, the importance of planning was reflected through the inclusion of two related themes, namely **land use planning** and **planning requirements**.

These themes, and the elements they comprise, are reflected in the detailed table (next page) that identifies their presence or absence in each country. It is important to note that this table is indicative and does not capture the subtleties of each country's application of any given element. Regardless, it is the product of the first rigorous attempt to define the possible structure and content of a comprehensive Canadian transit policy framework, and provides an important foundation for future efforts.

Key findings

The research found that all G8 countries have elements of a national transit policy framework, as do New Zealand, Australia and Korea. However, significant differences exist among them in terms of the overall role of the federal government, the existence of transportation legislation and investment programs, and the nature of transit ownership and business models. The paragraphs below discuss several key themes that emerge.

Level of federal interest in public transit. Generally, national governments have played a more active role over the last decade. Korea has funding programs for transit and land use integration, transportation demand management, advanced technologies, and assistance for mobility disadvantaged persons. France has set key policies for sustainable development with transit playing a key role. Germany transfers stable, recurring and flexible transit funding to local authorities. American interest and funding has grown as transit's economic benefits have been demonstrated and matching funding programs have taken hold. Australia has created a Major Cities Unit and is developing a national public transit policy. New Zealand provides relatively predictable and stable operating and capital funding for public transit. Japan, which historically has had little to do with transit, has become more active in response to transit deregulation and service cuts in rural areas. By comparison, the governments of Italy, Russia and Canada have been less active in the area of national transit policy. Russia makes only limited capital investments in transit and has no national transit policy. Canada has increased its transit capital funding but has no funding policy, and it has no plan to develop a national policy framework.

Government investment subsidies. Most national governments prefer to invest in capital projects, research and technology or planning studies, than to subsidize the operating costs of transit systems. However, New Zealand and Germany provide up to half of operating funds for all transit systems in the country, and the UK and the United States also provide some degree of operating funding.

Allowances for local revenue generation. Only France and the United States give local authorities some powers of taxation that can be used to support transit, with American regions and municipalities using local payroll taxes, gas taxes and sales taxes to fund transit.

Transit business models and private sector involvement. In most of the examined countries, governments regulate and set controls over transit services, and may contract the services to private operators. This can reduce capital spending and labour costs, reduce the potential for labour unrest, and allow operators to apply their knowledge of market demand, routing and scheduling. In the UK and New Zealand, some deregulated private operators can provide commercial services outside the control of local or regional governments. However, these arrangements can result

in lower service levels and less integration of services and fares between operators, unless governments set standards for service levels and service integration.

Competition with road investments. Countries with greater areas and lower population densities (e.g. the United States, Canada, New Zealand and Australia) tend to prioritize national investments in roads over transit. Conversely, transit enjoys greater attention and investment in countries with greater population densities and more intensive urban development.

Federal policy integration. Coordinating federal policy between transit and other sectors remains a challenge. However, the United States has integrated transportation policy in the areas of planning, research and the environment, and to some extent in affordable housing; its livability strategy requires policy integration among from the Federal Transit Administration, the Department of Housing and Urban Development, the Environmental Protection Agency, and the Department of Agriculture.

Urban policy development unit. In a number of countries, federal agencies develop or support funding, land use, social housing, transportation or taxation policies directed at cities. The UK Department for Transport has a Cities Policy Branch that works with metropolitan areas outside London, Australia's Major Cities Unit advises on policy, planning and infrastructure issues, and Transport Canada has an Urban Transportation Policy and Planning group.

Integrated planning requirements. The countries examined are generally improving their integration of land use and transportation planning. Germany, France and Korea require ties between public transit and land use planning. Both France and Germany link these requirements to their transit capital investments, but are challenged by a jurisdictional disconnect between regional transit authorities and municipal land use controls. Canada requires municipalities to complete an Integrated Community Sustainability Plan as a condition of receiving federal gas tax transfers, but true policy integration is imperfect due partly to administrative fragmentation among land use and transportation authorities. Most countries require local authorities to have long-term strategic transport plans, and some (e.g. Germany, France, Korea) have further modal integration and service standards.



OBSERVED ELEMENTS OF NATIONAL TRANSIT POLICY FRAMEWORKS	Canada	United States	Australia	New Zealand	United Kingdom	Italy	France	Germany	Russia	Japan	Korea
FINANCING											
Farebox policy (e.g., minimum fare recovery rates)				✓		✓					
FARE SUBSIDIES / TAX EXEMPTIONS											
Free/subsidized fares for elderly persons				✓	✓					✓	✓
Free/subsidized fares for disabled persons				✓	✓			✓			
Free/subsidized fares for youth/students										✓	✓
Tax-deductible fare cards	✓	✓								✓	
Tax-free transit benefits provided by employers (e.g. transit passes, work buses)		✓			✓						
CAPITAL FUNDING											
Predictable capital funding		✓		✓	✓	✓	✓	✓			
Capital funding for emissions reductions		✓					✓				
Capital funding for physical accessibility improvements		✓		✓	✓					✓	✓
New transit technology funding										✓	✓
Transit-related research and development funding		✓		✓				✓		✓	✓
Competitive project selection process		✓			✓		✓	✓			
Cost-sharing requirements		✓				✓	✓				
OPERATING FUNDING											
Predictable operating funding		✓		✓	✓			✓		✓	✓
Clear means of operating funding allocation		✓		✓	✓			✓			
ALLOWANCES FOR LOCAL REVENUE GENERATION											
Devolution of power and responsibility to local/regional governments to implement taxes for transit systems		✓				✓	✓				
Devolution of power and responsibility to local/regional governments to implement congestion/road pricing					✓	✓	✓	✓			
PRIVATE SECTOR											
Allowance for transit service to be defined by local/regional government	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
SOCIAL INCLUSION											
Accessible services for customers with mobility impairments must be provided in the same service area as regular transit services		✓					✓	✓			
ADMINISTRATIVE SUPPORT											
Federal body for urban policy development (could be within a larger department)	✓	✓	✓		✓		✓	✓		?	✓
LEVEL OF POLICY INTEGRATION											
Public transit policy embedded within a broader national policy (e.g. environmental, urban, industrial, health, safety) in place or in development		✓	✓	✓	✓		✓	✓			✓
Stand-alone transit policy in place or in development		✓		✓			✓	✓			
Supports supranational regulations (e.g. EU regulations, Kyoto Protocol)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
AUTONOMOUS REGIONS											
Major cities subject to different policies than the rest of the country					✓		✓	✓			
Certain provinces/states subject to different policies than the rest of the country					✓			✓			
LAND USE PLANNING											
Requirement to have land use integration						✓	✓	✓			✓
Federal investment tied to land use commitments											
PLANNING REQUIREMENTS											
Requirement to have mode integration							✓	✓			✓
Requirement to have long-term regional transportation plans		✓	✓	✓	✓	✓	✓			✓	
Requirement to have service standards (e.g. performance, fares, equipment, service levels and types, etc.)							✓	✓		✓	✓

Recommendations

As discussed earlier in this paper, for several years CUTA has promoted the need for a Canadian public transit policy framework. Consistent with this position, the final report of the research project discussed here (to be available at www.cutaactu.ca) will include the following recommendations:

- **The federal government should create a national public transit fund to provide long-term, predictable capital funding.** As well, provincial governments should be strongly encouraged to provide capital and operating funding to transit systems. Canada can look to New Zealand, Germany and the United States for related experience.
- **A national policy or strategy should be developed.** New Zealand offers lessons in this area that are particularly relevant to Canada.
- **Both public and private stakeholders should be involved in developing national transit policies and a national transit policy framework, to increase the chances of success and compliance.** Countries that can offer valuable advice in this area include New Zealand, France and the United Kingdom.

The report will also include a number of other recommendations about the structure and details of a national transit policy framework, reflecting two major subjects of interest:

- **How to create stable, predictable funding to meet transit's capital and operating needs.** What is the best role for Canada's federal and provincial governments? What revenue-generating mechanisms can diversify transit funding and increase overall stability? What cost-sharing agreements among different orders of government are most equitable and effective?

What conditions should senior orders of government place on local governments to receive funding? How can governments collaborate to support research and development?

- **How to improve policy and practice.** What role should each order of government play in developing a national transit policy framework, and in transit service planning? How can governments build transit ridership through tax policy? What policies in other sectors could better support transit objectives and priorities? How can competitive bidding be encouraged to reduce costs, improve efficiency and manage risk?

Moving ahead

Public transit can be the catalyst for solutions to issues facing all levels of government. Transit policy cannot be the domain of only one order of government, and must be integrated within broader governmental strategies at all levels. CUTA will continue to support this outcome by acting as a strong champion for public transit's role in our nation's health, mobility, economic development, environment, and overall quality of life.

Foremost among the issues for Canada to consider is how to create sustainable funding for public transit. We can learn from several good examples among the eleven study countries, and CUTA will facilitate a discussion about innovative ways for Canada to provide stable, predictable, adequate funding for public transit. This conversation needs to involve more than government and industry, however, and collaboration with key partners such as the Federation of Canadian Municipalities and the Canadian Chamber of Commerce will be essential.



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The Canadian Urban Transit Association (CUTA) is the voice of Canada's public transit industry. For additional information including research reports, industry updates, news bulletins and more, please contact us or visit our website.



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