



Government of Canada's Pre-Budget Online Consultations Federal Budget 2011 CUTA's Submission

The Canadian economy is on the right track—we are on the road for both economic recovery and balanced budgets. But the global economy is fragile and too many Canadians are still looking for work. Without throwing Canada off track for balanced budgets, what cost-neutral or non-spending steps can the federal government take in the next budget to help create jobs and promote economic growth?

CUTA: Easing traffic congestion will allow Canadian cities to improve their productivity and generate strong and steady economic growth. Numerous studies have shown that congestion costs our cities billions annually in lost productivity. An efficient way to tackle this problem is to find ways to stimulate public transit ridership by offering incentives to use transit for the daily commute to work. By amending the Income Tax Act to allow Canadian taxpayers to receive a tax-exemption for employer-provided transit benefits, the government would implement a strong and low-cost initiative for transit. More interestingly this measure could also turn out to be a cost-neutral one since there would likely be a decline in the number of users who currently claim the Public Transit Tax Credit (a simple shift from one measure to the other). This new measure would create a targeted enhancement to the existing Transit Tax Credit, as it would provide Canadians with additional sustainable mobility options and further reduce the tax-burden on Canadian taxpayers.

Canada is on track for balanced budgets in 2015–16. Is this timeframe appropriate? Should the federal government try to get back to balance sooner? Or should the timeline be delayed until later on?

CUTA: The federal government should address the existing deficit in a serious and responsible manner. At the same time, tackling the deficit should not impede our capacity to address other critical challenges such as productivity, our capacity to innovate, and our current infrastructure deficit. Capital investment needs in the transit industry for 2010-2014 are estimated at \$53.5 billion (all funding sources included). Drastic investment cuts in this sector would seriously impact our ability to respond to increasing demand and to offer more efficient mobility options to Canadians. Not only would it severely impact transit services for Canadians, but it would also have a negative effect on Canadian transit manufacturers and suppliers, keeping in mind that Canada's transit manufacturing sector is a world leader. Investments should reflect the improving economic situation, scaling up as the deficit goes down and as the economy gets stronger. The timeframe for balancing the budget should be adjusted as new data and statistics on the state of the recovery become available. It is also critical to monitor the global economy and see how other countries adapt their budgets to ensure Canadian cities remain productive and competitive through improved mobility.

Government should always carefully manage taxpayers' money to ensure the best value for money. The federal government is always focused on keeping spending in check and ensuring spending is as efficient and effective as possible. In what areas do you think the federal government can be more efficient and effective?

CUTA: Canada's low productivity rate is constantly subject of analyses and media coverage. It is well known that we need to improve our performance in order to attract new foreign investors, to generate greater domestic and international private investments and to better compete on the international stage. A series of measures such as increasing investments in higher education, generating more innovation, implementing sound fiscal policies, and allowing for increased mobility of people and goods across the country are just a few examples. But in difficult economic times, it is key to target sectors that will bring the country to a higher level quickly and for the long run. As Prime Minister Harper recently said, "improvements to public transit have a real long-term positive economic impact. [...]Of all the solutions, public transit is the best. It is the one area where smart infrastructure investments can make a big difference". The economic impact of Canadian transit investments is estimated to be at least \$11.5 billion annually. In this context, mobility must be seen as a critical player in helping to boost Canada's productivity. Cities are major economic forces and those that offer fluid and efficient mobility options have a serious competitive edge.

What should Canada's priorities be for the short and long term to encourage private sector growth and leadership in the economy?

CUTA: Although positive, the economic recovery remains slow and fragile. In this context, Canada must prioritize investments that will have short, medium, and long-term impacts all at once. Investing in public transit will achieve this goal. Federal capital investments to replace and build new transit infrastructure will create jobs immediately through the construction sector and through Canadian manufacturers and suppliers. These investments will increase transit ridership, reduce traffic congestion and greenhouses gas emissions, improve urban density, and offer multiple mobility options to Canadians. In the long-term, these effects will increase our productivity, boost innovation, make Canadians cities more competitive in their search for new investors, enhance air quality, reduce health care costs, connect communities, enable more efficient land use, and improve the quality of life for Canadians. Also, additional funding for Research and Development (R&D) should be made available. Already world leaders, Canadian transit manufacturers export substantially to countries all over the world. To ensure that our companies remain amongst the best and offer the newest and most ecologically-friendly technology, the government should strengthen their ability to invest in R&D and to provide the best transit-related goods to a growing world market.