

# GOVERNANCE

Primer

# 3



The Urban Mobility Task Force, under the **Council of Ministers Responsible for Transportation and Highway Safety**, developed this document as part of a series of primers looking at current mobility issues affecting the Canadian urban landscape today. The primers examine the current state of these issues and have identified associated trends, challenges and opportunities. They are short overviews and are designed to initiate a discussion on urban mobility issues intended for transportation policy professionals, planners and decision makers.

## INTRODUCTION

Urban transportation issues increasingly require large urban regions to remove policy silos and develop integrated solutions, bringing together stakeholders from a large array of sectors. The increasing movement of people and goods between and within urban and suburban areas has led neighbouring urban municipalities to work across jurisdictional barriers and harmonize transportation activities. Sound governance models are needed for urban transportation networks to be highly efficient, integrated and interoperable, and in turn to increase economic productivity, maximize sustainability goals and meet users' expectations. This primer will explore the role of governance in addressing urban transportation issues with a particular attention to public transportation as a key example.

## CURRENT STATE

Urban transportation networks involve dozens of actors with varying mandates and territories, including users of transportation

systems (e.g., passengers, drivers, shippers) municipalities, provincial and federal governments, transit agencies, transportation authorities (e.g., airports and ports), regional organizations, freight associations, and businesses. In this complex arena, some urban regions have seen the emergence of governance frameworks to steer these actors into collectively decided policy goals and set the parameters necessary for them to interact, partner, and operate more cohesively.

Governance models in Canada's urban regions vary greatly based on local context, but most of them are responding to current and future transportation needs. In a survey of Canada's largest urban regions, the Transportation Association of Canada identified main trends in governance frameworks around the country: federal and provincial governments are financially involved in major projects; transportation authorities (e.g., airport, port, transit authorities) are increasingly common governance frameworks; diverse sources of funding are being considered to increase fiscal sustainability; transportation and land use are increasingly planned in a

### WHAT IS TRANSPORTATION GOVERNANCE?

Governance represents the institutional framework involved in the coordination of activities through which political, technical, and financial decisions are translated into resource allocation and priority setting. Transportation governance frameworks have an impact on the quantity, quality and effectiveness of mobility services and the physical and social characteristics of urban areas. In practical terms, governance models:

- Reflect the legal and regulatory decisions of governments on allocation of powers and authority;
- Shape how resources are allocated and how costs are shared; and
- Clarify roles and responsibility in areas of strategic priority setting, approval of policies and plans, and oversight and monitoring of operations and performance measures.



coordinated fashion; and greater importance is given to stakeholder and public engagement.<sup>1</sup> This primer reviews public transit governance in the Montréal, Toronto and Vancouver regions, but other relevant governance frameworks involve goods movement (e.g., through road, rail, air and marine), infrastructure management, road safety and enforcement, parking management and taxi systems.

### Public Transit Governance

Large urban regions in Canada have developed governance models to oversee regional and municipal transit due to growing urban sprawl, the high concentration of economic activity in urban cores, and the recognition that the movement of people and goods span multiple jurisdictions.

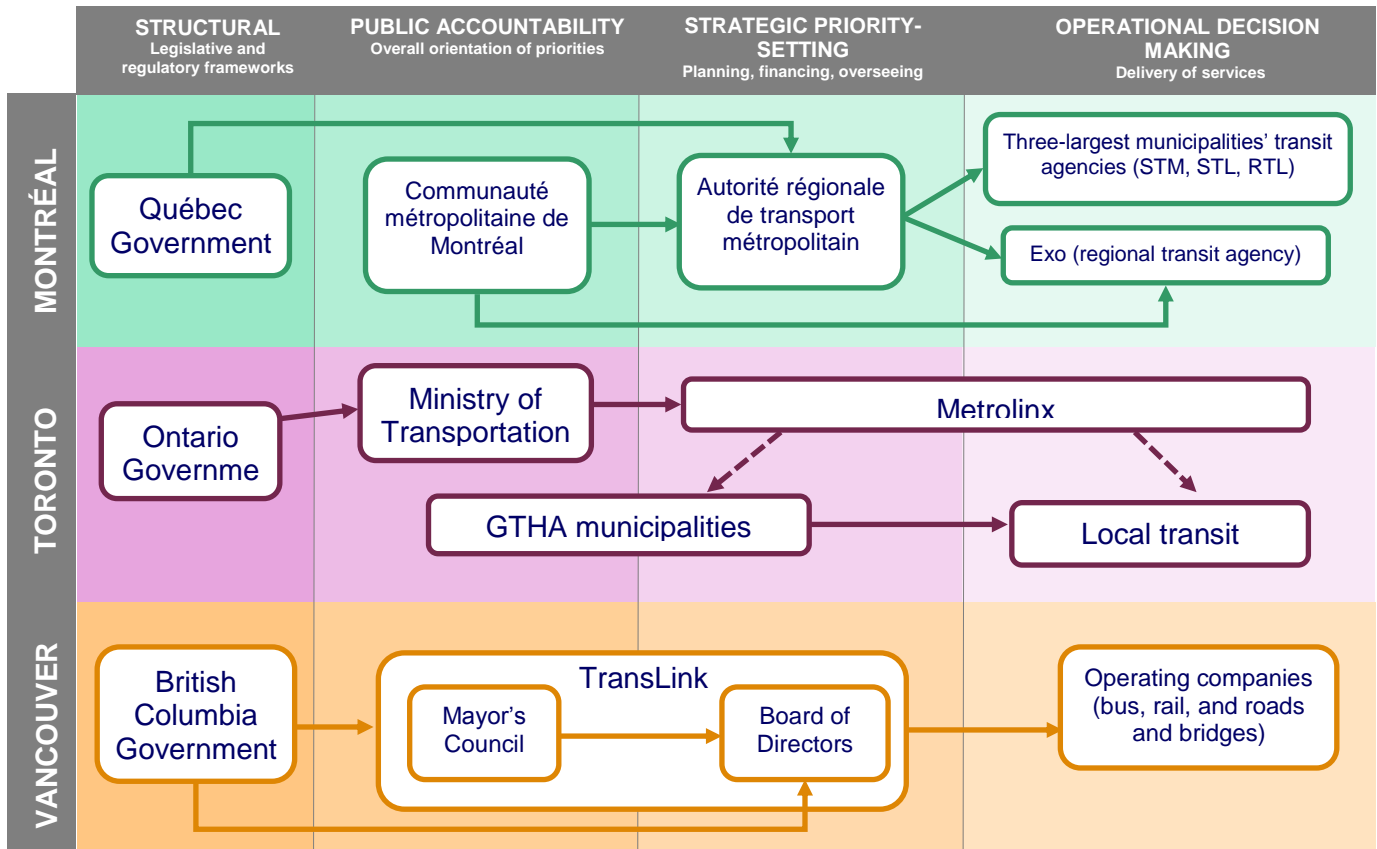
Governance models can vary based on their level of integration, funding mechanisms, and board composition. In Canada's three

largest urban regions, Vancouver, Toronto and Montréal, provincial governments opted for regional agencies, but other models exist, such as inter-municipal partnerships and private and not-for-profit corporations. All models have their pros and cons, and no one model seems more effective across all urban settings.<sup>2</sup> However, some benefits of regional agencies have proven to be particularly useful for large urban areas. Their benefits include the consolidation of resources and expertise, the adoption of regional medium- and long-term strategies, and the implementation of coherent planning and land-use practices across large urban areas.<sup>3</sup> Smaller municipalities are also finding ways to address integration of transportation services across their territories.

### Montréal

The Montréal region underwent important governance changes of its transit sector in

Figure 1 – Public Transit Governance in Montréal, Toronto, and Vancouver





2017 after the Québec government adopted a streamlined structure, bringing down the number of transit agencies from 16 to five, with distinct roles and responsibilities at the political, strategic and operational level<sup>4</sup> (see figure 1):

**Public Accountability** – The Communauté Métropolitaine de Montréal (CMM) represents 82 municipalities and sets directions for the regions and approves strategic plans and policies.

**Strategic Priority-Setting** – The Autorité Régionale de Transport Métropolitain (ARTM) is responsible for funding, planning, expanding and promoting public transit in the region. The Québec government appoints seven of 15 of ARTM's board members.

**Operational Decision Making** – Public transit operations are managed by the three largest municipalities' public transit agencies and a regional organization in charge of the rest of the municipalities, as well as intermunicipal and para transit.

## Toronto

The Ontario government established Metrolinx in 2006 to provide leadership in the coordination, planning, financing, development, and implementation of an integrated, multi-modal transportation network in the Greater Toronto and Hamilton Area. In December 2018, the agency's mandate was amended to focus on regional transit delivery and service excellence for the Greater Golden Horseshoe region. Metrolinx responsibilities now include rail network and rapid transit expansion, including future subway expansions, the operations of regional bus, rail transportation (GO Transit) and Toronto's airport rail link, the Union Pearson Express, and the PRESTO electronic fare payment system.

**Public Accountability** – The province appoints all of Metrolinx's board members, and its Chair reports to the Ontario Minister of Transportation. The government sets

Metrolinx's priorities through policy decisions and Minister's letters of direction.<sup>5</sup>

**Strategic Priority-Setting** – The province leads multimodal transportation planning and delivery. Metrolinx plays a leadership role in transit delivery and integration of transit with other modes, in collaboration with municipalities. Metrolinx is responsible for proposing a regional transportation plan to the province for approval.

**Operational Decision Making** – Metrolinx also has operational responsibility for regional rail and bus services as well as the UP Express. Municipalities, through their public transit agencies, are responsible for managing and operating local transit services.

## Vancouver

The government of British Columbia established TransLink in 1999 as Vancouver regions' transportation agency responsible for planning, managing and overseeing operations of the region's transportation system. It is responsible for all transit services on its territory and operates certain roads and bridges in collaboration with municipalities.<sup>6</sup> TransLink last underwent a governance review in 2014.

**Public Accountability** – TransLink's Mayors' Council, composed of elected representatives from the 21 municipalities within the region, approves TransLink's strategies and plans and deals with service levels and major capital projects.

**Strategic Priority-Setting** – TransLink Board of Directors is responsible for the development of long-term strategies and investment plans and oversees the management of TransLink. With the exception of two provincially appointed members, the board is appointed by the Mayors' Council.

**Operational Decision Making** – TransLink delivers transportation services through operating companies, subsidiaries and



contractors. It oversees the operations of bus service, rapid transit and certain road and bridges.

## CHALLENGES

Designing and implementing transportation governance models for urban regions present a unique set of challenges, whether it is for public transportation or the movement of freight. Some of these challenges include coordinating responsibilities between stakeholders, striking the right balance between inclusiveness and efficiency, finding new revenue streams, and increasing interoperability.

### Accountability & coordination

Clarifying roles and responsibilities between urban mobility actors is the first challenge to ensuring accountability when governing transportation activities over large urban regions. Federal and provincial legislations are the most common way to set mandates and governance structures for transportation entities. Most of federally owned transportation infrastructure, including in urban regions, is operated by commercial entities, with varying degree of autonomy, including private businesses (e.g., railway companies), not-for-profit corporations (e.g., airport authorities), and agents of the Crown (e.g., port authorities).<sup>7</sup> At the provincial level, regional public transportation agencies are generally Crown corporations.

Transportation entities located in urban regions usually work closely with municipalities within their territory. Some governance frameworks allow for representation of local priorities by providing a voice to municipal elected officials through the power to select board members (e.g., airport and port authorities) or through direct representation on an elected official committee (e.g., Vancouver regions' Translink). Regional public transportation agencies in Canada have faced challenges

related to municipal representation and engagement.

Addressing urban mobility issues also involves a complex network of stakeholders from a number of sectors, at the private, not-for-profit, and public levels. Steering all these actors into a strategic mobility vision requires strong leadership and coordination capacities, while aligning activities with existing legal, policy, strategic, and funding frameworks. A good example of this is the need to balance community livability and goods movement, in particular in the areas of road and curb management, safety, noise and emissions.<sup>8</sup> This complex ecosystem also poses challenges in terms of accountability. Local public agencies, regional organizations, contractors and private corporations need to be accountable to government for the mobility services they provide. Reporting mechanisms and relationships may be built in governance models to ensure proper oversight, while not overburdening operators.

### Inclusiveness and efficiency

A tension exists between inclusiveness and efficiency. Opening the decision-making process through greater consultation may contribute to identifying policy issues early, preventing implementation gap, and developing agreed-upon objectives and vision. However, too much consultation and inclusiveness may have unintended consequences, such as inertia due to lack of consensus, delays in delivery of initiatives, and, in turn, increase in costs. Establishing a clear set of roles and responsibilities at the start of any engagement with stakeholders could help mitigate risks. Ultimately, governance arrangements should enable cost-effective operations and the delivery of quality services.

### Revenue constraints

Transportation authorities need to find sufficient and sustainable revenues to function and deliver on their long- and



medium-term strategic plans. Despite some of them enjoying a certain degree of organizational autonomy, particularly in the case of airports and ports,<sup>9</sup> they sometimes have limited capacity to raise revenues. All are exploring new funding sources, but public transportation is under particular pressure given that it has generally been less profitable than freight infrastructure. This means that public transportation relies heavily on government funding, which often comes with administrative and performance reporting. Transit operating costs in Canada have been growing at a faster rate than inflation due to the rise in fuel prices and labour costs, and the increase service levels.<sup>10</sup> Public transportation also has a limited ability to raise fares given public policy interest of providing reasonably priced services to many. The exploration of new mechanisms to fund and finance urban infrastructure is causing governance frameworks to accommodate for greater engagement and partnership with the private sector.<sup>11</sup> Additionally, determining the allocation of funding between urban, suburban and rural areas presents a challenge in itself. Taxpayers' perceptions of funding mechanisms for transportation vary in parts based on the perception of distribution of costs and benefits,<sup>12</sup> which can be a contentious topic between neighborhoods, cities and regions.

## Interoperability

Transportation partnerships between public agencies, commercial entities, and the private sector involve making systems compatible at many levels. For instance, partnerships to make passenger travel more seamless between neighbouring local transit agencies might require harmonizing ticketing protocols and associated IT infrastructure to process payments across a larger territory. Establishing data management protocols as well as payment structures between service providers can improve interoperability and to offer convenience to users. Barriers to technological interoperability include lack of resources and knowledge in smaller

organizations, and differing licenses and terms of service between entities.<sup>13</sup>

In the freight and supply chain sectors, multiple technologies are being explored to facilitate integration and increase infrastructure capacity. For instance, Canadian port authorities are exploring the potential of blockchain technology, which is a system that records transactions among independent users in a public, peer-to-peer ledger,<sup>14</sup> and how it could be integrated into port activities.<sup>15</sup> In the case of passenger transportation, some innovations, such as Mobility as a Service (MaaS), rely on the very idea of integrating systems to operate. MaaS is first and foremost a business model for delivering integrated access to mobility services and has largely been driven by the private sector. MaaS is often implemented as an app that aggregates mobility choices for users into one platform where they can pay and consult real-time itinerary information for multiple modes and mobility options.<sup>16</sup> MaaS has the potential to disrupt how services are planned and organized.<sup>17</sup> While innovations like MaaS should flourish to provide greater options to users, they could be an emerging force in setting users' expectations.

## TRENDS

The urban transportation landscape is rapidly changing. Urban regions and provincial governments are adapting to current trends by moving towards integrating services, partnering with the private sector, and putting the user at the centre of planning and operations.

### Growing integration of services

Most governance models work toward the greater collaboration and integration of services. Regional public transportation agencies are working on advancing the interoperability of local transit systems to improve seamless travel, user satisfaction, and, in turn, to increase ridership and reduce reliance on single-occupancy vehicles. A



large part of this endeavour is advancing fare integration through partnerships between transit agencies by harmonizing local fare policies, establishing consistent fare structures, and providing users with a unique payment and ticketing method regionally, such as OPUS in the Montréal region, PRESTO in the Toronto and Ottawa regions, and Compass in the Vancouver region. Urban regions are also increasingly concerned with the movement of freight to and within their territory, and are developing strategies to support integrated, multimodal goods movement, through initiatives to encourage the efficient flow of trucks, supportive land-use patterns, accessibility to multimodal connections and last-mile delivery.<sup>181920</sup>

## Public-private service delivery partnerships

As the urban mobility options diversify through private sector innovation, government is increasingly partnering with private enterprises to provide greater multimodal, seamless transportation services and infrastructure. This could change how services are financed, operated, and advertised. Some examples of these public-private partnerships have been concluded between regional transit agencies and other mobility providers.

*Whim* is the world's first MaaS provider, operating in Helsinki region, in Finland. The Whim app provides users with a combination of mobility options, including public transportation, taxis, car rentals and shared bikes, and can be paid through subscriptions or based on a pay as you go basis. In Canada, the Transit App, which has the Toronto Transit Commission and Transit Calgary as official partners, provides similar features, but remains mostly a navigation app without subscription options.<sup>21</sup>

In October 2019, Vancouver region's TransLink launched a pilot project with three local carsharing and bikeshare companies where the Compass Card can be used to pay

and access multiple modes.<sup>22</sup> Similarly, Toronto region's Metrolinx announced a partnership with Lyft in July 2019, making it easier to combine travel options for rail commuters.<sup>23</sup>

## Greater focus on user satisfaction

There seems to be a greater reliance on user satisfaction when developing and assessing transportation services. In the case of public transportation, answering expectations such as better multimodal connections, greater compliance with timetables and comfort could contribute to increasing ridership.<sup>24</sup> There are also rising expectations in terms of technology. Real-time transportation information on goods and passenger corridors is one example of innovation that is now central to users' travel experience.<sup>25</sup> It helps people and businesses make informed travel decisions. In response, passenger charters and customer experience strategies are being adopted to improve user experience and satisfaction. Governance models have a key role to play in making transportation attractive and meeting users' expectations. Users have little interest in understanding the intricate barriers to interoperability, preventing fluid movement between jurisdictional boundaries and intermodal connections.

In Canada, most transportation providers are placing their users and stakeholders at the centre of their service planning. For instance, Montréal's transit operator, the Société de Transports de Montréal (STM), uses its "My Voice, My STM" platform to engage with more than 10,000 users on a number of subjects pertaining to public transportation.<sup>26</sup> Similarly, the 2017-2037 Master Plan of the Greater Toronto Airport Authority includes several stakeholder engagement objectives to guide the planning process of the authority in the coming years.<sup>27</sup>



## OPPORTUNITIES

First, governance arrangements could be designed to maximize defined sustainable mobility goals and contribute to other government objectives. Governance frameworks should aim at answering the question “what for?”. Many of the Canadian regional transit agencies aim to fill transportation gaps in cross-border transit services, integrate services, advance interoperability, and improve user experience. In such, preferred governance arrangements could be the ones that enable partnerships with other agencies and private companies, harmonization of practices and policies, and engagement with users. However, there is no one size fits all solution, and governance models should remain singular responses to unique circumstances.

Second, determining the adequate level of centralization of decision making is central to how effective a governance model can be. Despite the benefits of engaging with a number of partners, inclusiveness can also be incapacitating when deciding on strategic direction or capital investment. Some evidence from other jurisdictions (i.e., Berlin and London) points towards the benefits of some degree of hierarchy to enable timely and efficient action in a multilateral environment.<sup>28</sup> Intergovernmental and intersectoral groups and committees can also be a useful tool to bring partners and stakeholders together and can help with breaking down work into more manageable tasks to be tackled by subject experts.

Third, just like other aspects of transportation systems, governance should be assessed based on performance measurements of their various dimensions. These could include levels of accountability, transparency, and responsiveness.<sup>29</sup> Most importantly, performance measurements should be identified with the end goal to improve user experience and satisfaction.

Fourth, recent technology innovations pose challenges to traditional governance models

and present governments with the opportunity to re-examine their role. In the very near future, MaaS could influence how passenger services are connected and paid for, at the same time as rising users’ expectations. Governments could determine the preferred level of involvement of the public sector in organizing services, either as integrator, provider, operator, or regulator. While encouraging private innovation, governments may want to retain some control over setting minimum service standards to achieve transportation and other policy goals.

Finally, there is an opportunity for governments to explore the potential for improved integration and planning of public transportation and freight. From ports of entry to curb management, and from trip planning to seamless connections, public and freight transportation are interdependent, and integrating these two processes could make them mutually beneficial. This requires increased collaboration across jurisdictions and modes, including conversations about common objectives for urban mobility. Formal and informal governance structures could play a role in facilitating these conversations.





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