

THE QUÉBEC
ECONOMIC PLAN

March 2018

Electric Mobility

BUDGET 2018-2019

Sustainable Development of All Transportation Modes



Budget 2018-2019

Electric Mobility: Sustainable Development of All Transportation Modes

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HIGHLIGHTS

The government will soon be presenting the first sustainable mobility policy to be implemented in Québec. This policy will cover the movement of people and goods and all transportation modes, including public transit, active transportation and paratransit as well as marine, rail and air transportation, in addition to intervention on the road network. It will also take into account the specificities of all outlying regions in Québec, and will give families even more choices.

The government has already achieved a first significant milestone in fostering sustainable mobility with the implementation of major and strategic initiatives, aimed at stimulating Québec's economic development, reducing travel times for citizens, reducing greenhouse gas emissions (GHGs) and promoting transportation electrification.

To this end, investments of more than \$13 billion are provided for major and structuring electric public transit projects:

- the Réseau express métropolitain (REM),¹ with an estimated value of \$6.3 billion;
- the extension of the Montréal metro blue line, which represents an investment in the order of \$3.9 billion;
- Québec City's structuring transportation network, with investments amounting to approximately \$3.3 billion.²

In addition, the March 2017 Québec Economic Plan provided for an additional investment of more than \$1.7 billion to support public transit across Québec.

TABLE 1

Planned investments to foster sustainable mobility
(billions of dollars)

	Investments
Major structuring electric public transit projects ⁽¹⁾	13.5
Québec government investments in the sustainable mobility policy	3.5

(1) This consists of the estimated contributions from all partners.

¹ The name “Réseau électrique métropolitain” was changed to “Réseau express métropolitain.”

² The total value estimated of the project includes a \$300-million contribution from Québec City.

The government has added another milestone, announcing new additional investments of more than \$1.8 billion to ensure the sustainable mobility policy is properly implemented, thereby increasing its commitment to more than \$3.5 billion by 2022-2023, including:

- an increase in financial assistance starting in 2018-2019 of more than \$845 million over five years to grow and improve the public transit and paratransit services offered across all regions of Québec;
- some \$170 million in funding for new planning and innovation initiatives;
- investments of close to \$430 million to increase sustainable mobility in the land transportation sector;
- financial commitments of more than \$173 million pursuant to the Regional Air Transport Summit.

Furthermore, \$215.3 million is planned to draw up plans and receive quotations for the structuring public transit network for Québec City.

The policy will be a tool for implementing governmental energy transition, GHG emission reduction and fuel consumption reduction objectives.

1. SIGNIFICANT INVESTMENTS TO GIVE FAMILIES MORE TIME

1.1 Modern, attractive and efficient means of transportation to offset traffic congestion

In 2017, the government announced major and strategic initiatives to foster sustainable mobility through public transit. To this end, the March 2017 Québec Economic Plan was a first step and provided for an increase in public transit investments of more than \$1.7 billion.

One year later, tabling the March 2018 Québec Economic Plan is an opportunity for intensifying sustainable mobility efforts by injecting more than \$1.8 billion in additional funding over the next five years.

Québec's outstanding economic performance and sound management of public finances allow the government to increase its investments. In total, more than \$3.5 billion additional funds will be invested by the government by 2022-2023 for initiatives supporting sustainable mobility. These investments, aimed at various modes of transportation, will specifically:

- support at least three major and structuring electric public transit projects, including:
 - the Réseau express métropolitain,
 - the extension of the Montréal metro blue line,
 - Québec City's structuring transportation network;
- increase performance and accessibility of public transit everywhere in Québec;
- encourage initiatives relying on planning and innovation;
- develop the means of land transportation in a sustainable manner;
- support the development of regional air transportation.

These investments will improve families' quality of life by decreasing the amount of time lost in traffic, and will spur the use of electric transportation modes. Moreover, these amounts will have positive benefits on economic development, the reduction of average travel time for citizens and greenhouse gas emissions. Québec will work in collaboration with the federal government to ensure projects are adequately funded.

TABLE 2

Investments and financial impact to foster sustainable mobility
(millions of dollars)

	Investment ⁽¹⁾	Financial impact						Total
		2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	
Major and structuring electric projects	215.3	—	—	—	—	—	—	—
For high-performance and accessible public transit all over Québec	845.6	—	-27.1	-48.2	-88.4	-142.7	-193.3	-499.7
Initiatives relying on planning and innovation	170.0	—	-7.8	-32.9	-39.0	-43.8	-46.5	-170.0
Toward cleaner and higher-performance land transportation	429.2	—	-108.2	-84.6	-57.3	-59.7	-62.4	-372.2
Significant investments for regional air transportation	173.2	—	-11.2	-14.5	-15.0	-16.0	-16.5	-73.2
March 2018 Québec Economic Plan	1 833.3	—	-154.3	-180.2	-199.7	-262.2	-318.7	-1 115.1
March 2017 Québec Economic Plan ⁽²⁾	1 720.9	-573.0	-124.0	-262.0	-269.0	-262.7	-230.2	-1 720.9
TOTAL	3 554.2	-573.0	-278.3	-442.2	-468.7	-524.9	-548.9	-2 836.0

(1) Investments also include infrastructure expenditures.

(2) The March 2017 Québec Economic Plan provided for financial impacts of \$1 490.7 million over five years from 2017-2018 to 2021-2022, one year less than the current projection.

1.2 Users at the heart of the sustainable mobility policy

The sustainable mobility policy will take into account in a coordinated manner all the transportation modes for people and goods, across the entire Québec territory.

By 2030, the government's objective is to implement a high-performance, safe, connected and sustainable transportation system that contributes to Québec's prosperity and meets the needs of both citizens and businesses, while fostering a reduction in the carbon footprint.

The sustainable mobility policy will propose a significant shift that will consist in designing the planning of the government's mobility interventions in a different way, for an integrated planning of transportation and the development of the territory.

This new policy will direct government actions in the transportation sector and will be broken down into five main intervention areas, namely:

- implementing transportation infrastructure that fosters sustainable mobility, and more specifically major structuring electric projects;
- fostering electrification and introducing fuel-efficient vehicles;
- working with the municipal sector to foster the implementation of sustainable transportation services for citizens;
- supporting logistics chain players in the implementation of high-performance transportation services for businesses;
- assuming leadership in sustainable mobility in Québec.

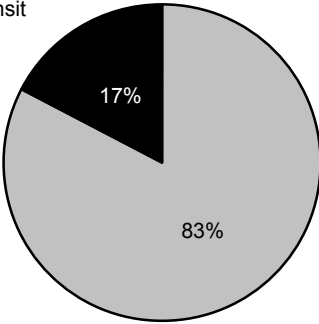
In addition, the government would like partnerships to be created to rally all collaborators, including municipalities and businesses, around the same objectives.

In the near future, the Minister of Transport, Sustainable Mobility and Transport Electrification will unveil the sustainable mobility policy and explain in detail the measures implemented.

CHART 1

Asset maintenance investments

- Road network
- Public transit

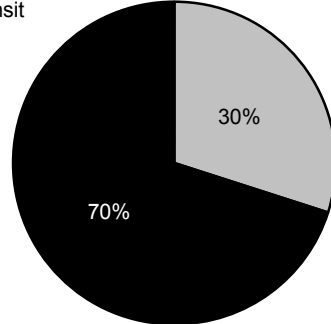


Source: 2018-2028 Québec Infrastructure Plan.

CHART 2

Investments in new projects

- Road network
- Public transit



Source: 2018-2028 Québec Infrastructure Plan.

2. MAJOR AND STRUCTURING ELECTRIC PROJECTS

The government has announced its support for two major electric public transit projects for the Montréal metropolitan area:

- the Réseau express métropolitain (REM);
- the extension of the Montréal metro blue line.

These projects will help to improve Quebecers’ quality of life and reduce traffic congestion, in addition to increasing the appeal of urban areas serviced by these new networks.

To pursue its commitment to transportation electrification, the government is announcing its financial support for the implementation of Québec City’s structuring public transit network. Once completed, the network will improve traffic fluidity while offering a flexible and comfortable solution to its users.

These major projects stand out because of their use of electricity as driving power. Compared to fossil fuels, electricity has the advantage of being a source of clean and renewable energy, readily available in Québec at competitive prices.

These major projects represent total investments by all partners of more than \$13 billion.

TABLE 3

Investments in major and structuring electric public transit projects
(billions of dollars)

	Investment
Réseau express métropolitain	6.3
Extension of the Montréal metro blue line	3.9
Québec City’s structuring transportation network	3.3
TOTAL	13.5

2.1 Réseau express métropolitain

Today, the quality of Québec's public infrastructure, specifically in the public transit sector, is essential to the vitality of the economy and the quality of life of Quebecers. It is with this in mind that the government announced in the March 2017 Québec Economic Plan that it was partnering with the Caisse de dépôt et placement du Québec in order to equip the Greater Montréal area with a powerful economic development lever: the Réseau électrique métropolitain, now called the Réseau express métropolitain (REM).

With a length of 67 kilometres, the REM will have 26 stations and will link downtown Montréal with the South Shore, West Island, North Shore (through Laval) and the Pierre-Elliott-Trudeau International Airport. The purpose of this project, whose funding includes not only investment by the Caisse but also by the Québec and Canadian governments, who will each contribute \$1.3 billion, is to give the Montréal metropolitan area an efficient and sustainable transportation system.

The REM will improve fluidity of travel for its passengers by offering connections with the entire current public transit network, including three stations that will provide direct access to the Montréal metro. Evaluated at \$6.3 billion, the REM is the largest public transit infrastructure project created in Québec in the last fifty years. The benefits for Québec-based businesses and workers will represent 65% of the project's value.

On February 8, 2018, the Caisse, through one of its wholly-owned subsidiaries, CDPQ Infra, disclosed the names of the two consortia retained for construction of the REM. The conditions have therefore all been met so that the works can begin in April 2018. The project schedule plans for gradual commissioning of the REM starting in the summer of 2021. Section 7 of this document presents a more detailed status report for this project.

2.2 Extension of the Montréal metro blue line

When the March 2017 Québec Economic Plan was tabled, the Québec government announced its financial support to the project to extend the Montréal metro blue line.

- Amounts are earmarked in the Québec Infrastructure Plan to ensure financing by the Québec government.
- The value of the works is estimated at approximately \$3.9 billion. Québec intends to apply for federal infrastructure funding for this project.

Currently, the blue line ends east of boulevard Saint-Michel in the Villeray–Saint-Michel–Parc-Extension borough. According to the plans considered to this point, extending the blue line to Anjou in Montréal East, over a distance of 5.8 kilometres, along with the addition of five stations, would:

- substantially improve network accessibility in Montréal's northeast sector, in addition to making connection for Pie-IX bus rapid transit (BRT) passengers easier;
- contribute to the revitalization of the Jean-Talon corridor and requalification of the East hub of economic activity, which is the third largest economic hub in the Montréal metropolitan area;
- increase the potential for urban development with the possible arrival of almost 12 000 households and the creation of approximately 3 700 jobs over the long term within 500 metres of the stations.

From an environmental standpoint, the extension of the blue line would reduce greenhouse gas emissions by 24.6 tonnes during rush hour.

In the past year, \$364.9 million of investments were authorized to launch the first activities that will ultimately lead to extending the Montréal metro blue line.

2.3 Québec City’s structuring transportation network

The Québec City metropolitan area is the seventh largest economy in Canada. This economic vitality is specifically reflected on the labour market, with the lowest average unemployment rates in the country since 2015.

The sustained economic activity in the area has shown, over time, the limits of the current capacity of its road and public transit networks.

Faced with this reality, Québec City has expressed its desire to implement a major public transit project on its territory.

- After several years of reflection and analysis, and following consultations with citizens and businesses, Québec City announced the launch of its structuring transportation network project, combining several transportation modes including a tramway and trambus.
- Québec City estimates the value of the project at approximately \$3.3 billion.

The implementation of this type of integrated network is an opportunity to rethink urban development so as to foster the development of the sectors serviced as well as economic growth, in addition to improving citizens’ quality of life.

As part of the March 2018 Québec Economic Plan, the government has confirmed its support for Québec City’s structuring public transit system and will allocate a funding of \$215.3 million, in particular for the development of plans and specifications starting in 2018-2019.

To support this project, the government is providing funds for the 2018-2028 Québec Infrastructure Plan. Québec intends to apply for federal infrastructure funding for this project.

Furthermore, the Ville de Lévis will be able to propose a project involving interconnectivity with Québec City’s structuring network.

■ Major economic benefits

During construction, the structuring network project should result in an increase of approximately \$1.3 billion in terms of the GDP, which is equal to 0.3% of the GDP for Québec; it should also create or maintain an average of approximately 1 450 jobs per year.

TABLE 4

Economic benefits for Québec associated with the structuring public transit system of Québec City

	Direct	Indirect	Total
GDP (millions of 2018 dollars)	790	520	1 310
Jobs (average, per year)	890	570	1 450

Note: Totals may not add due to rounding.

Sources: ©Government of Québec, Institut de la statistique du Québec, results calculated using Québec’s intersectoral model software, and Ministère des Finances.

Entente concernant le projet de réseau structurant de transport en commun

On March 16, 2018, the Premier of Québec, Philippe Couillard, and the mayor of Québec City, Régis Labeaume, announced the signing of the Entente concernant le projet de réseau structurant de transport en commun, the objective of which is to confirm the government's commitment to the project, whose estimated total cost is \$2 990.5 million, excluding the portion assumed by the City (\$300 million).

Thus, the government confirmed the project's planning phase is included in the 2018-2028 Québec Infrastructure Plan. It undertakes to make the project a priority for federal financial assistance programs and to provide 100% funding for the eligible costs of the project.

Québec City, undertakes to prepare a business case in compliance with the Directive sur la gestion des projets majeurs d'infrastructure publique and to observe the rules and regulations related to the management of this project, taking into account eligibility for the various applicable financial assistance programs.

Furthermore, the government will ensure the implementation of an interconnection between the two shores in a context of sustainable mobility.

ILLUSTRATION 1

Map of the Québec City's structuring public transit network

Source: Québec City.

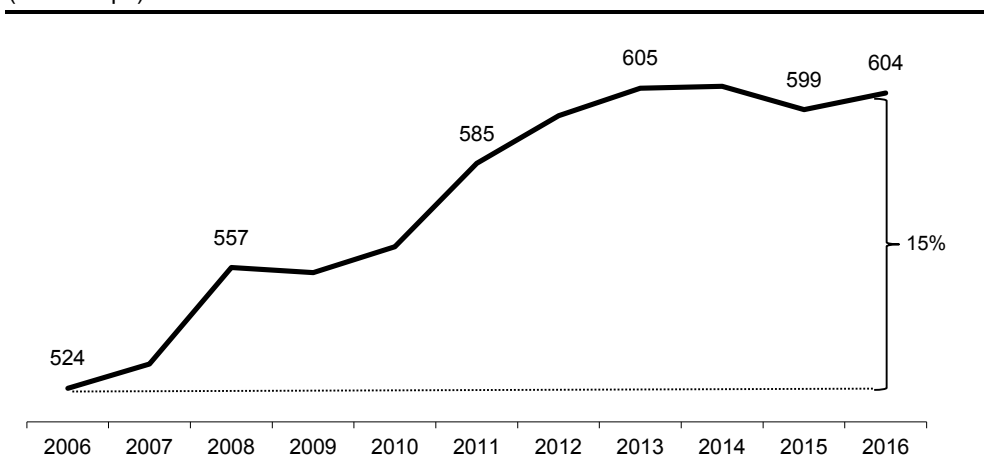
3. FOR HIGH-PERFORMANCE AND ACCESSIBLE PUBLIC TRANSIT ALL OVER QUÉBEC

Public transit is an important economic, social and environmental lever. The presence of an appealing and competitive system is essential to fostering its use by the population. Service frequency, punctuality, accessibility and comfort are factors that have an influence on the willingness of citizens to use this service.

This mode of transportation is also a flexible, efficient and economical alternative to driving. The shift from cars to public transit promotes the mobility of people and goods by decongesting the road network, reduces greenhouse gas emissions and pollutants, and improves the quality of life for citizens.

CHART 3

Changes in public transit ridership – 2006 to 2016 (million trips)



Source: Ministère des Transports, de la Mobilité durable et de l'Électrification des transports.

In view of new and more ambitious targets to increase the use of public transit services, the amounts provided to improve the service offer must be increased to better meet the needs of transportation bodies.

To this end, the March 2018 Québec Economic Plan allocates more than \$845 million in additional investments over the next five years in all regions of Québec.

TABLE 5

Investments and financial impact to increase public transit performance and improve accessibility throughout Québec
(millions of dollars)

	Investment ⁽¹⁾	Financial impact						Total
		2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	
Increase the appeal and competitiveness of urban public transit	696.6	—	-6.1	-22.2	-57.4	-107.7	-157.3	-350.7
Improve regional public transit	39.0	—	-5.0	-7.0	-8.0	-9.0	-10.0	-39.0
Support the transportation of persons with a disability or reduced mobility	110.0	—	-16.0	-19.0	-23.0	-26.0	-26.0	-110.0
March 2018 Québec Economic Plan	845.6	—	-27.1	-48.2	-88.4	-142.7	-193.3	-499.7
March 2017 Québec Economic Plan	333.0	-22.0	-50.0	-77.0	-92.0	-92.0	—	-333.0
TOTAL	1 178.6	-22.0	-77.1	-125.2	-180.4	-234.7	-193.3	-832.7

(1) Investments also include infrastructure expenditures.

This additional funding will increase the appeal and competitiveness of urban public transit and improve regional public transit, while providing greater support for paratransit services. The government anticipates an overall increase of 25% in the service offer over the next five years, which is expected to result in a 12.5% increase in ridership by 2022-2023.

- These additional investments should make it possible to increase the services offered by 13 percentage points and user ridership by 6.5 percentage points as compared to the levels anticipated for the same period in the March 2017 Québec Economic Plan.

CHART 4

Public transit service offer growth target (per cent)

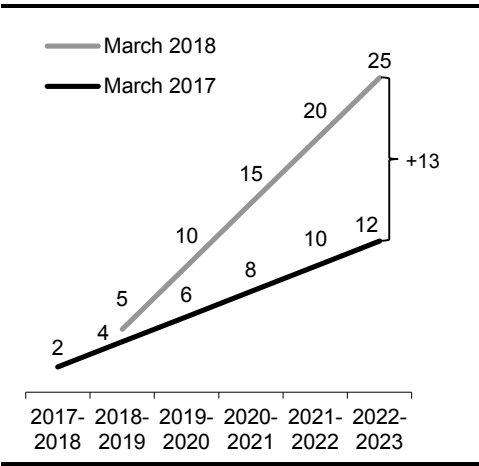
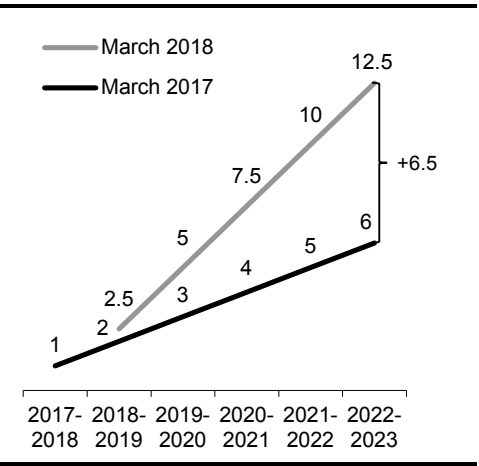


CHART 5

Public transit ridership growth target (per cent)



3.1 Increasing the appeal and competitiveness of urban public transit

Québec's economic growth, maintaining the competitiveness of businesses and quality of life of its citizens require notably appealing and competitive public transit systems. In urban areas, the improvement in traffic conditions stemming from greater use of public transit makes cities more attractive to families and to investors and businesses.

To support the investments made by public transit bodies in developing the service offer, while ensuring the maintenance of existing services, the March 2018 Québec Economic Plan provides nearly \$700 million in additional investments over the next five years. These additional amounts will help to:

- increase the service offer;
- ensure asset maintenance;
- develop infrastructures.

TABLE 6

Investments and financial impacts to increase the appeal and competitiveness of urban public transit (millions of dollars)

	Investment ⁽¹⁾	Financial impact					Total
		2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	
Increase the service offer	189.6	-0.4	-8.9	-26.1	-59.7	-94.5	-189.6
Ensure asset maintenance	226.6	-5.7	-13.3	-20.9	-28.7	-34.2	-102.8
Develop infrastructure	280.4	—	—	-10.4	-19.3	-28.6	-58.3
TOTAL	696.6	-6.1	-22.2	-57.4	-107.7	-157.3	-350.7

Note: Totals may not add due to rounding.

(1) Investments also include infrastructure expenditures.

❑ Increase the service offer

Since 2007, the government has provided financial assistance to public transit bodies to cover 50% of their direct operating costs needed to increase the services offered to the public.

- Improving the service offer directly benefits users, for example, by increasing the frequency of buses and reducing total travel time.

When the March 2017 Québec Economic Plan was tabled, the government announced additional service improvement investments of \$308 million to further support public transit organizations with their development projects.

- This measure has proven to be an important incentive for public transit bodies, as service development applications have exceeded the assistance provided.

As part of the March 2018 Québec Economic Plan, the government announces a \$190-million increase in operating assistance by 2022-2023. These monies will further support public transit bodies in their projects to improve the services offered.

This amount will be drawn from the envelope devoted to the fight against climate change.

Performance-based financial assistance
<p>With a view to providing more efficient services, the government has expressed its desire that a portion of the financial assistance paid to public transit bodies be conditional on their performance, as it is in many other jurisdictions. Therefore, a body that achieves certain objectives in terms of service efficiency performance would benefit from additional support.</p> <p>Work is under way to amend the assistance program for the development of public transit in this regard.</p>

❑ Ensure asset maintenance

Prior to the implementation of any new service, maintaining the quality of assets already in place is essential to ensure an appealing and reliable service and thus maintain ridership.

To help public transit bodies maintain their assets, the government plans to increase the support provided for asset maintenance. To this end, the March 2018 Québec Economic Plan is providing a little more than \$226 million in additional investments over five years. These funds will be drawn from the Land Transportation Network Fund.

The Ministère des Transports, de la Mobilité durable et de l'Électrification des transports will announce the new conditions of the program at a later date.

❑ Develop infrastructure

Infrastructure development represents significant costs to public transit bodies. In order to prevent the scale of investments needed from curbing service offer improvement and growth, the government is supporting the organizations in their investments. The assistance provided is intended primarily for the acquisition, repair or expansion of fixed assets such as metro and train systems, reserved lanes, park-and-ride lots, bus shelters and terminus.

The government announces more than \$280 million in additional investments over five years to support the development of public transit infrastructure. These funds will be drawn from the Land Transportation Network Fund.

Other major public transit projects planned for the 2018-2028 Québec Infrastructure Plan

Montréal area

Pie-IX Bus rapid transit (BRT) system

The integrated Pie-IX BRT project entails the construction of 11 kilometres of reserved lane, including 9 kilometres in Montréal and 2 kilometres in Laval, a 750-space incentive parking lot in Laval, 17 stations accessible to persons with reduced mobility, and the purchase of new buses. The project is expected to result in an average daily ridership of 74 000 people as soon as it is commissioned.

The estimated value of this project is in the order of \$400 million.

Gatineau region

Extension of the Rapibus to the east

The first phase of the Rapibus has been in progress since 2013. Extensions are planned up to Boulevard Labrosse and Boulevard de l'Aéroport. Ultimately, this project would provide service between the downtown, east of the city and the Gatineau-Ottawa Executive Airport.

The estimated value of this project is around \$70 million.

Quick link to the west

The Société de transport de l'Outaouais will soon launch a study with the objective of finding the optimal solution for public transit services in the western sector of Gatineau (Aylmer sector).

Concretely, this study will assess the option of creating a quick link in this sector, while taking into account the context of the new public transit network arrangements in Gatineau and Ottawa, most particularly in terms of the future light rail service.

Implementing this type of link would allow residents in this sector to benefit from quicker and more reliable access to the main economic activity centres, as compared to the current bus service.

Lévis

Implementation of priority measures

The Ville de Lévis has committed to significantly increasing the public transit share. At the heart of its strategy is a high-level public transit service project, namely the development of reserved lanes in order to increase travel speed, system reliability and user comfort, thus making this mode of transportation more efficient and appealing.

This project entails redeveloping Boulevard Guillaume-Couture and Route des Rivières to form a single and strategic axis linking the city's main areas of economic activity.

This project's value is estimated at approximately \$87 million.

Furthermore, since summer 2017, work by the project office on the third link—Québec City-Lévis—continues. On December 5, 2017, the office launched a public call for tenders to conduct an opportunity study.

3.2 Improving the regional public transit service

Improving accessibility to public transit and intercity transportation in outlying regions is among the priorities of many citizens living in rural areas.

- The pooling of public transit services, including paratransit and school transportation, into an integrated system or the implementation of public transit by taxi (taxibus) may constitute affordable means for local communities, thereby offering public transit service.

To foster the improvement and development of the offer of this service in all regions of Québec, the March 2017 Québec Economic Plan added an additional \$2 million per year over five years, for a total of \$10 million, to the assistance already provided.

- It is estimated that this additional amount made 300 000 additional trips possible.

In order to meet the growing demand for public transit in regional communities and to foster development of services, including intercity transportation, the government has announced \$39 million in additional support over five years. These funds will be drawn from the Land Transportation Network Fund.

Important service in several regions in Québec
<p>Financial assistance provides tangible results. In fact, the enhanced offer has helped to meet demand for transportation services in several communities.</p> <ul style="list-style-type: none">– For example, support for the development of services offered by the Corporation de transport régional de Portneuf has facilitated trips by Portneuf residents between that region and greater Québec City. Between 2013 and 2017, this service experienced a 100% increase in use.– The financial assistance allocated to intercity bus transportation has made it possible to maintain six routes in the Abitibi-Témiscamingue region and in Nord-du-Québec. Residents of several municipalities such as Amos, Chibougamau, La Sarre, Rouyn-Noranda and Val-d'Or can continue to benefit from this service for their trips.

3.3 Supporting the transportation of persons with a disability or reduced mobility

Paratransit is an essential service for persons with a disability or reduced mobility. The addition of elevators in metro stations or the presence of low-floor buses are ways to facilitate access to regular transportation networks. In addition to paratransit and accessible public transit, more and more private vehicles, taxis and coaches have adapted equipment.

Given the significant and sustained increase in the number of paratransit users since 2010 (nearly 20%) and in order to continue efforts to improve access to public transit, the government announced a \$15 million increase to support paratransit in all regions of Québec in 2017.

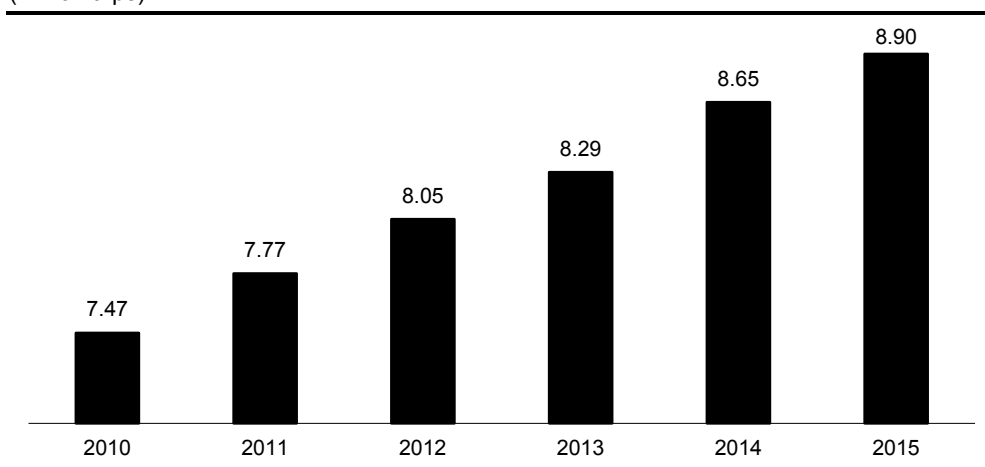
— More than 30 paratransit bodies have benefited from increased assistance to better meet the growing needs of their clients.

Demand for paratransit has continued to grow. In order to better meet the needs, the government is announcing a \$110 million increase in its support over five years.

To this end, additional credits will be granted to the Ministère des Transports, de la Mobilité durable et de l'Électrification des transports. The amounts for 2018-2019 will be drawn from the Contingency Fund.

CHART 6

Changes in the use of paratransit service in Québec (million trips)



Source: Ministère des Transports, de la Mobilité durable et de l'Électrification des transports.

4. INITIATIVES RELYING ON PLANNING AND INNOVATION

Having an integrated and efficient organization for transportation of people and goods necessitates efficient move planning both collectively and individually.

To support planning and implementing sustainable transportation services, the March 2018 Québec Economic Plan provides an additional \$170 million in support through 2022-2023. These investments will help to:

- promote integrated planning of the territory's development, and of urban and regional transportation;
- accelerate the development of active transportation;
- support the use of new mobilities;
- support implementation of intelligent transportation systems;
- encourage citizens and businesses to adhere and participate.

TABLE 7

Investments and financial impact for planning and innovation initiatives (millions of dollars)

	Investment	Financial impact					Total
		2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	
Promote integrated planning of the territory's development, and of urban and regional transportation	50.0	—	-5.0	-15.0	-15.0	-15.0	-50.0
Accelerate the development of active transportation	65.0	-5.0	-15.0	-15.0	-15.0	-15.0	-65.0
Support the use of new mobilities	27.0	-2.6	-8.3	-3.7	-6.9	-5.5	-27.0
Support implementation of intelligent transportation systems	20.0	-0.2	-3.0	-3.7	-5.3	-7.8	-20.0
Encourage citizens and businesses to adhere and participate	8.0	—	-1.6	-1.6	-1.6	-3.2	-8.0
TOTAL	170.0	-7.8	-32.9	-39.0	-43.8	-46.5	-170.0

Creation of the Autorité régionale de transport métropolitain

As part of reorganizing the governance of public transit in the Greater Montréal area, the Autorité régionale de transport métropolitain (ARTM) was instituted to plan, finance and organize the services provided by the various operators. Thus, it was mandated to:

- produce a strategic development plan that would constitute a single public transit plan on the territory of the Communauté métropolitaine de Montréal;
- produce a ten-year capital program and update it yearly;
- establish contracts for services provided by operators, as well as for ticketing, maintenance and operation of metropolitan facilities (park-and-ride lots, reserved lanes and terminus).

In order to support the ARTM in its new responsibilities, the March 2017 Québec Economic Plan provided nearly \$1 billion in additional funding over five years. This sum was intended to ensure the ARTM had a sound financial footing, and to provide it with support for commissioning the Réseau express métropolitain.

4.1 Promoting integrated planning of the territory's development, and of urban and regional transportation

Territory development is one of the key components in achieving the sustainable mobility objectives. It will help to reduce travel distances and motorized travel, and effectively integrate public transit in citizens' general way of life.

- Integrated planning for the transportation of people and goods alike will be more efficient if it includes other local and regional development plans that have already been implemented.

The government intends to support its municipal partners by offering additional financial support to develop an integrated transportation and territory development plan, as well as tools to support the implementation of sustainable mobility plans that are consistent with this planning.

In order to better promote integrated planning, the March 2018 Québec Economic Plan provides an additional amount of \$50 million. To this end, additional appropriations will be granted to the Ministère des Transports, de la Mobilité durable et de l'Électrification des transports.

4.2 Accelerating the development of active transportation

Within the context of the Politique sur le vélo, and in conjunction with the objectives of the 2013-2020 Climate Change Action Plan, the government wishes to develop modes of transportation that do not include automobiles, in order to encourage the Quebec population to opt for healthier, more economical and environmentally friendly modes of transport.

- "Active transportation" refers to walking, cycling and any other mode of travel that requires physical exertion, including modes that require the assistance of an electric motor to compensate for a physical incapacity or limitation.

For this purpose, financial support is offered to municipalities to help them make a major shift toward offering improved active transportation infrastructure. More specifically, it is intended to:

- support the development and improvement of the pedestrian and bicycle networks;
- improve pedestrians' and cyclists' safety and peace of mind so as to encourage walking and cycling.

In an effort to promote the development of active transportation, the March 2018 Québec Economic Plan provides for an additional investment of \$65 million over five years. These funds will be drawn from the Land Transportation Network Fund.

4.3 Support the use of new mobilities

New mobilities are defined as a range of transportation modes or services along with their interconnections, that help to meet the variety of needs associated with the mobility of people and goods. Carpooling, taxibuses and self-service cars are a few examples.

In response to a growing demand for more flexible and accessible transportation modes, these new options complement the traditional transportation options currently available, and contribute to improving mobility. Furthermore, by offering alternative solutions to traditional travel methods, they contribute to decreasing traffic congestion and greenhouse gas emissions, and favour the use of public transit.

Since new mobilities are still little-known, there is a need to promote their use and encourage users to adopt them. To that end, the March 2018 Québec Economic Plan provides an additional \$27 million over five years to encourage the introduction of these new mobility options for citizens, businesses and municipalities. These funds will be drawn from the Land Transportation Network Fund.

4.4 Support implementation of intelligent transportation systems

The Minister of Transport, Sustainable Mobility and Transport Electrification will soon present Québec's intelligent transportation system plan. This plan is designed to favour connectivity and the integration of transportation services, to support seamless introduction of technological innovations and ensure availability of consistent information services that meet the mobility needs of users in all regions.

The established actions are primarily intended to standardize information sharing between transportation partners, facilitate intermodality and increase the availability of information adapted for transportation network users, in an effort to optimize their travel.

To support implementation of intelligent transportation services, the March 2018 Québec Economic Plan provides an additional \$20 million over five years. These funds will be drawn from the Land Transportation Network Fund.

4.5 Encourage citizens and businesses to adhere and participate

The sustainable mobility policy's success relies on citizens' and businesses' adherence to and participation in the major initiatives put in place.

Their participation will be through information, training and awareness activities, which will help to inform the public of how the policy meets mobility needs and addresses each one's social, economic and environmental concerns. For that purpose, the March 2018 Québec Economic Plan provides \$8 million.

— These activities will primarily help to promote the benefits that transportation electrification, road safety improvement and increased business travel efficiency.

To this end, additional appropriations will be granted to the Ministère des Transports, de la Mobilité durable et de l'Électrification des transports. These amounts for 2018-2019 will be drawn from the Contingency Fund.

5. TOWARD CLEANER AND HIGHER-PERFORMANCE LAND TRANSPORTATION

A significant portion of movement of people and goods in Québec is done by land. Efficient and sustainable transportation networks will, most notably, help to improve user safety and provide Québec-based companies with a competitive edge. Moreover, reducing greenhouse gases (GHG) is dependent upon a decrease in consumption of fossil fuels by land transportation systems.

- The sustainable mobility policy will help to achieve the government's objective of decreasing GHG emissions by 20% by 2020, as compared to the level in 1990, and by 37.5% by 2030, as compared to the level in 1990.

In an effort to improve sustainable mobility in the land transportation sectors, the March 2018 Québec Economic Plan provides an investment of \$429.2 million to:

- foster the acquisition of electric vehicles;
- support municipalities in maintaining and rehabilitating their local road networks;
- strengthen the railway sectors' contribution to the transportation of goods;
- push sustainable development of the land transportation industry.

TABLE 8

Investments and financial impacts to foster cleaner and higher-performance land transportation (millions of dollars)

	Investment ⁽¹⁾	Financial impact					Total
		2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	
Foster the acquisition of electric vehicles	94.1	-63.5	-30.6	—	—	—	-94.1
Support municipalities in maintaining and rehabilitating their local road networks	250.0	-34.2	-36.3	-38.6	-40.8	-43.1	-193.0
Strengthen the railway sectors' contribution to the transportation of goods	32.5	-6.5	-6.5	-6.5	-6.5	-6.5	-32.5
Push sustainable development of the land transportation industry	52.6	-4.0	-11.2	-12.2	-12.4	-12.8	-52.6
TOTAL	429.2	-108.2	-84.6	-57.3	-59.7	-62.4	-372.2

(1) Investments also include infrastructure expenditures.

5.1 Fostering the acquisition of electric vehicles

Within the context of the Transportation Electrification Action Plan 2015-2020 unveiled in October 2015, the government of Québec committed to transportation electrification, in an effort to reduce GHG emissions, setting a goal of registering 100 000 electric vehicles in Québec by 2020.

To achieve this target, the government can count in particular on:

- a large network public charging stations (1 250 stations) that continues to grow;
- the zero-emission vehicle standard in force since January 11, 2018, which is intended to stimulate the offering of zero-emission or low-emission vehicles;
- the Drive Green program that includes the Drive Electric and Branché au travail components;
- the launch of a pilot project to encourage the acquisition of used electric vehicles.

To encourage the purchase of electric vehicles, the March 2018 Québec Economic Plan ensures:

- the maintenance of the Drive Electric Program, ensuring it is financed through June 30, 2019;
- the extension by one year of the pilot project, to encourage the acquisition of used electric vehicles.

The additional amounts required for the additional funding of Drive Electric are drawn from the Green Fund.

TABLE 9

Financial impacts of measures to foster the acquisition of electric vehicles (millions of dollars)

	2018-2019	2019-2020	Total
Additional funding for Drive Electric	-61.5	-30.6	-92.1
Extension by one year of the pilot project, to encourage the acquisition of used electric vehicles	-2.0	—	-2.0
TOTAL	-63.5	-30.6	-94.1

5.2 Supporting municipalities in maintaining and rehabilitating their local road networks

The local road network represents nearly half of the 185 000 km of roads in Québec; municipalities are responsible for maintaining this network. Adequate maintenance is crucial for ensuring citizens' mobility and the transportation of goods.

To ensure the local road network's durability, the government wants to reinforce its support toward municipalities. In this area, the March 2018 Québec Economic Plan provides for:

- increased assistance for maintaining local road networks;
- additional investments to rehabilitate local road networks.

This additional investment of \$250 million over five years is in keeping with the government's major strategic directions in terms of land occupancy and economic development.

The Minister of Transport, Sustainable Mobility and Transport Electrification will further detail the terms and conditions for the assistance, at a later date.

TABLE 10

Investments and financial impacts for maintaining and rehabilitating local road networks (millions of dollars)

	Investment ⁽¹⁾	Financial impact					Total
		2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	
Increased assistance for maintaining local road networks	150.0	-30.0	-30.0	-30.0	-30.0	-30.0	-150.0
Additional investments to rehabilitate local road networks	100.0	-4.2	-6.3	-8.6	-10.8	-13.1	-43.0
TOTAL	250.0	-34.2	-36.3	-38.6	-40.8	-43.1	-193.0

(1) Investments also include infrastructure expenditures.

❑ Increased assistance for maintaining local road networks

Regular maintenance of the local road network is critical for ensuring users’ mobility and safety, as well as the sustainability of the network itself. To that end, the assistance granted by the government is intended to support municipalities in performing routine and preventive maintenance on local roads.

- These funds may be used to perform various maintenance tasks such as roadway snow removal, crack sealing, line painting and sign panel replacement.

The March 2018 Québec Economic Plan is providing \$150 million in additional investments over five years. These funds will be drawn from the Land Transportation Network Fund.

❑ Additional investments to rehabilitate local road networks

The government supports municipalities in maintaining and improving their road infrastructure and in improving the safety of their road networks.

In an effort to meet municipalities’ growing needs, the March 2018 Québec Economic Plan continues in this vein and increases its investments for rehabilitating the local road network to \$100 million over five years.

These investments will be used to upgrade the overall condition of local roads by providing municipalities with support to realize the improvement works targeted in their action plans. These funds will be drawn from the Land Transportation Network Fund.

Management of local roads
<p>The local road network is composed of level 1, 2 and 3 roads, that is, inter-municipal roads, roads providing access to continuously inhabited properties, and roads servicing rural properties and resort areas.</p> <p>The entire local road network consists of 92 000 km of roads, nearly half of the entire road network in Québec. These roads have been under municipal responsibility since 1993 when the government handed over local road management, giving the decision-making power to the most strategically positioned authorities who can better establish priorities and network needs. Financial assistance programs were implemented to help the municipalities assume these responsibilities.</p> <p>The local road network maintenance and rehabilitation assistance programs allow municipalities to ensure that their networks, which are crucial for providing their citizens access to all regions of Québec, are properly maintained and rehabilitated as necessary.</p>

5.3 Strengthening the railway sectors' contribution to the transportation of goods

The government recognizes the importance of using rail transportation for goods, to foster Québec's economic development. That is why it is investing in improving and maintaining the railway network. To that end, the March 2018 Québec Economic Plan provides additional funds for:

- supporting modal integration in the transportation of goods;
- rehabilitating the Gaspésie's rail services.

These investments will help to improve railway transportation performance and service, while reducing Québec's carbon footprint.

TABLE 11

Investments and financial impact to strengthen the railway sector's contributions in the transportation of goods
(millions of dollars)

	Investment	Financial impact					Total
		2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	
Supporting modal integration in the transportation of goods	20.0	-4.0	-4.0	-4.0	-4.0	-4.0	-20.0
Rehabilitating the Gaspésie's rail services	12.5	-2.5	-2.5	-2.5	-2.5	-2.5	-12.5
TOTAL	32.5	-6.5	-6.5	-6.5	-6.5	-6.5	-32.5

❑ **Supporting modal integration in the transportation of goods**

To ensure the integrity and functionality of railway infrastructures on railroads of local interest, the March 2018 Québec Economic Plan provides \$20 million in financial assistance over five years.

— This funding is intended to support initiatives that will help to improve complementarity between the rail network and the road network, particularly for transportation of goods.

This complementarity will help to promote increased rail activity by offering companies high-performance and accessible goods transportation services by rail.

Furthermore, the amounts invested will help to support the emergency response actions necessary to maintain rail transportation activities during major fortuitous events such as landslides or floods.

To this end, additional appropriations will be granted to the Ministère des Transports, de la Mobilité durable et de l'Électrification des transports. These amounts for 2018-2019 will be drawn from the Contingency Fund.

❑ **Rehabilitating the Gaspésie's rail services**

The Gaspésie railroad services the 330 kilometres that separate the cities of Matapédia and Gaspé. By facilitating the transportation of goods across the area, the Gaspésie railway network will contribute to the region's vitality and development. Certain businesses in the region also need an adequate railway network to ensure they can continue their activities.

The government acquired the Gaspésie railroad in 2015. At the time, its condition was such that a significant amount of work was required. The government announced in May 2017 that it would invest \$100 million to rehabilitate this segment of railway.

Furthermore, regular maintenance and repair work are also necessary to ensure the network remains operational. The March 2018 Québec Economic Plan provides \$12.5 million in additional funding over five years.

To this end, additional credits will be granted to the Ministère des Transports, de la Mobilité durable et de l'Électrification des transports. The amounts for 2018-2019 will be drawn from the Contingency Fund.

5.4 Support sustainable development of the land transportation industry

Transportation is at the heart of Québec's economic and social activities. More specifically, Québec's land transportation equipment industry holds a strategic position in its economy. In 2016, this industry, which included 620 companies spread across various regions and employed nearly 32 000 people, generated sales of manufactured goods evaluated at more than \$10.2 billion.

The coming transformation in the land transportation equipment industry will be largely the result of transitioning toward sustainable mobility and innovation.

TABLE 12

Investments and financial impact of supporting sustainable development in the land transportation industry
(millions of dollars)

	Investment	Financial impact					Total
		2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	
Implement initiatives to promote the land transportation and sustainable mobility industry	41.0	−4.0	−7.0	−10.0	−10.0	−10.0	−41.0
Ensure sustainability of the goods transportation industry	11.6	—	−4.2	−2.2	−2.4	−2.8	−11.6
TOTAL	52.6	−4.0	−11.2	−12.2	−12.4	−12.8	−52.6

❑ Implement initiatives to promote the land transportation and sustainable mobility industry

The action plan for the land transportation and sustainable mobility industry will aim to distinguish Québec's land transportation industry as a reference through its innovative sustainable mobility and intelligent transportation solutions. The initiatives set out in the action plan focus on four main components, namely:

- fostering industry growth;
- accentuating market development;
- focusing on innovation;
- ensuring our global leadership in demonstrating new vehicles.

In addition to its economic impact, the action plan is in keeping with the government's objectives in terms of greenhouse gas emission control.

Regarding the importance of the land transportation industry to Québec's economy, the government intends to unveil an action plan soon to support its development.

Thus, the March 2018 Québec Economic Plan provides for additional funding of \$41 million over the next five years to implement this plan.

To follow through with this initiative, additional appropriations will be allocated to the Ministère de l'Économie, de la Science et de l'Innovation. The amounts for 2018-2019 will be drawn from the Contingency Fund.

❑ **Ensure sustainability of the goods transportation industry**

The growth of online shopping has increased pressure on the demand for goods transportation services. In order to meet this increasing demand, but also to limit the consequences that light truck and heavy vehicle traffic has on citizens' quality of life, the government wishes to support collaborative projects relating to shared and electric delivery.

- These projects aim to implement an organized network, based on collaboration between operators, designed to optimize vehicle loads and reduce the number of delivery vehicles on the road network.

The goods transportation industry is also facing a shortage of workers. In order to increase the availability of qualified workers for this industry, the government announces financial support that will be used to promote this sector and ongoing training for workers in this industry.

To support the growth and competitiveness of the goods transportation industry, the March 2018 Québec Economic Plan grants \$11.6 million in additional funding over four years.

To this end, additional credits will be granted to the Ministère des Transports, de la Mobilité durable et de l'Électrification des transports. The amounts for 2018-2019 will be drawn from the Contingency Fund.

6. SIGNIFICANT INVESTMENTS IN REGIONAL AIR TRANSPORTATION

At the conclusion of the Regional Air Transport Summit recently held, the Québec government announced various measures that will serve to improve regional air transportation. To that end, more than \$173 million in additional funding is allocated in the March 2018 Québec Economic Plan to:

- invest in regional airports' infrastructure;
- implement an assistance program for regional air services;
- increase air travel in Québec.

These measures will help citizens who live in the regions to travel at affordable prices and increase companies' ability to start up and grow in remote markets.

TABLE 13

Investments and financial impact to support the development of regional air transportation (millions of dollars)

	Investment ⁽¹⁾	Financial impact					Total
		2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	
Invest in regional airports' infrastructure	100.0	—	—	—	—	—	—
Implement an assistance program for regional air services	22.5	-2.5	-5.0	-5.0	-5.0	-5.0	-22.5
Increase air travel in Québec	50.7	-8.7	-9.5	-10.0	-11.0	-11.5	-50.7
TOTAL	173.2	-11.2	-14.5	-15.0	-16.0	-16.5	-73.2

(1) Investments also include infrastructure expenditures.

6.1 Invest in regional airports' infrastructure

In Québec, more than 40 airports are owned by a municipality, a regional county municipality, a non-profit organization or an Aboriginal community. These airports represent about one-third of the total airports and aerodromes in the province.

They also represent an important driver for regional development and contribute to promoting tourism. They are also essential for ensuring that remote communities have a means of mobility and obtaining supplies, as well as a way to transport patients to hospitals in major urban centres.

- Most regional airports do not have regularly scheduled flights. Therefore, they do not qualify for the federal government's assistance programs for developing and maintaining their infrastructure.

In order to assist local communities with repairing and developing their regional airports' infrastructures, the March 2018 Québec Economic Plan provides \$100 million in investments over the next four years to:

- maintain the airport network in good and safe condition;
- support the socioeconomic development of regional communities by improving their airport facilities.

In addition to supporting infrastructure repair and development, these amounts will also be used to renovate buildings and acquire mobile equipment.

6.2 Implement an assistance program for regional air services

Due to the vast extent of its territory, Québec must be able to count on comprehensive and quality air services. Easy access—at reasonable price—to the entire territory is an important vector for the economic development of Québec's regions.

Yet, many regional airports have no regular flights and, in certain regions, the frequency of flights offered by airlines is currently inadequate.

It is in this context that the March 2018 Québec Economic Plan provides \$22.5 million over five years to help implement an assistance program for regional air services.

The purpose of this program will be to improve and develop the services currently offered by airlines already present in Québec, and to attract new ones. The program will focus on improving the competitiveness of small airlines, which should be reflected in a decrease in airfares for users.

The program will specifically support initiatives focusing on:

- implementing new air services;
- maintaining essential air connections;
- performing marketing and promotional activities.

The Minister for Transport will announce the program details at a later date.

To this end, additional appropriations will be granted for this purpose to the Ministère des Transports, de la Mobilité durable et de l'Électrification des transports. The amounts for 2018-2019 will be drawn from the Contingency Fund.

6.3 Increase air travel in Québec

High airfares and regional air service quality are not favourable for travel, not to mention the negative effect they have on tourism, especially for regional communities.

The March 2018 Québec Economic Plan therefore provides investments in this regard:

- \$40 million over five years to enhance the Airfare Reduction Program;
- \$10 million over five years for a new measure called “Découvrons notre Québec”;
- \$0.7 million over two years to conduct a study on air transportation on the Plan Nord territory.

TABLE 14

Investments and financial impact of increasing air travel in Québec
(millions of dollars)

	Investment	Financial impact					Total
		2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	
Enhancing the Airfare Reduction Program	40.0	–8.0	–8.0	–8.0	–8.0	–8.0	–40.0
Découvrons notre Québec	10.0	–0.5	–1.0	–2.0	–3.0	–3.5	–10.0
Study on air transport to the Plan Nord territory	0.7	–0.2	–0.5	—	—	—	–0.7
TOTAL	50.7	–8.7	–9.5	–10.0	–11.0	–11.5	–50.7

❑ Enhancing the Airfare Reduction Program

Québec's remote regions are confronted with high airfares, given the low volume of passengers and the long distances that separate them from the major urban centres. Furthermore, certain villages in remote regions depend heavily on air transportation, since they have no road networks.

In order to increase the demand for air services in outlying regions, which will decrease the airfares for these destinations, the March 2018 Québec Economic Plan provides for an increase in the Airfare Reduction Program by:

- increasing the maximum reimbursement rate from 40% to 60% for regions that are eligible for the current program;
- increasing the annual maximum amount reimbursed from \$1 200 to \$3 000 for participants who are entitled to such;
- granting to those who travel to accompany a patient the same treatment as those who travel for personal reasons, so that assistance is increased to all program beneficiaries;
- expanding program eligibility by 30% to include new regions: Gaspésie, Bas-Saint-Laurent, Côte-Nord, Saguenay–Lac-Saint-Jean and Abitibi-Témiscamingue.

This program enhancement, which will be effective for travel beginning on April 1, 2018, will involve additional annual investments of \$8 million, and will benefit 35 000 travelling eligible Quebecers.

To this end, additional appropriations will be granted for this purpose to the Ministère des Transports, de la Mobilité durable et de l'Électrification des transports. The amounts for 2018-2019 will be drawn from the Contingency Fund.

TABLE 15

Enhancing the Airfare Reduction Program

(dollars unless otherwise indicated)

	Reduction (%)	Annual maximum
Component 1 – Communities not linked to the road network (Whapmagoostui, Anticosti Island, Basse-Côte-Nord, Îles-de-la-Madeleine and Schefferville)	60	3 000
Component 2 – Communities linked road networks recognized by Revenu Québec as remote (Nord-du-Québec, Fermont and Minganie)	40	1 500
Component 3 – Other communities linked to the road network (Gaspésie, Bas-Saint-Laurent, Côte-Nord, Saguenay–Lac-Saint-Jean and Abitibi-Témiscamingue)	30	500

Current parameters of the Airfare Reduction Program

The purpose of the Airfare Reduction Program is to facilitate travel by residents in remote and isolated regions of Québec by reducing the cost of air travel. It offers reimbursement for travel for personal reasons and for accompanying patients receiving health care treatment outside their communities.

Reimbursement varies according to the various communities' accessibility and type of travel offered. Residents generally are entitled to be reimbursed for 30% of the cost of a plane ticket, subject to an annual maximum amount that ranges from \$500 to \$1 200, depending on where they live.

Current parameters of the Airfare Reduction Program, according to type of travel

(in dollars, unless otherwise indicated)

		For personal reasons ⁽¹⁾		Accompanying a patient	
		Reduction (%)	Annual maximum	Reduction (%)	Annual maximum
Component 1 –	Community of Whapmagoostui	30	1 050	40	750
Component 2 –	Communities of Anticosti Island and Basse-Côte-Nord	30	1 200	40	1 000
Component 3 –	Communities in the Îles-de-la-Madeleine	30	700	40	500
Component 4 –	Community of Schefferville and its surroundings	30	700	40	500
Component 5 –	Communities of Nord-du-Québec, Fermont and Minganie	30	500	40	500

(1) Travel for personal reasons includes tourism-related travel and visiting friends or family.

❑ Découvrons notre Québec

The March 2018 Québec Economic Plan announces that the Ministère des Transports, de la Mobilité durable et de l'Électrification des transports will join the Ministère du Tourisme, the Alliance de l'industrie touristique du Québec, as well as airlines present within Québec's territory to form a work group, in an effort to quickly launch an initiative that will allow Quebecers to visit outlying regions at lower cost. The work group's mandate will be to:

- propose a temporary measure aimed at increasing the demand for domestic flights, which will in turn increase the service offering and ultimately reduce airfares;
- evaluate the measure offered at the end of a five-year period, most particularly relating to its impact on airfare to targeted regions.

An amount of \$10 million over a five-year period is allocated for the new measure that the work group recommends.

To this end, additional appropriations will be granted to the Ministère des Transports, de la Mobilité durable et de l'Électrification des transports. The amounts for 2018-2019 will be drawn from the Contingency Fund.

❑ Study on air transport to the Plan Nord territory

Air transport to the Plan Nord territory raises numerous challenges, most particularly regarding infrastructure availability, flight frequency and rate competitiveness.

At the Regional Air Transport Summit in Québec, the government committed to conducting a study to determine how to better ensure the mobility of people in northern regions, in a safe and complementary airport infrastructure network to other transportation modes.

In following through with this commitment, the March 2018 Québec Economic Plan provides \$0.7 million to conduct a study on regional air transportation needs and planning in the Plan Nord territory.

This study will focus primarily on:

- analyzing the needs that the communities and the industry have identified;
- evaluating the cost components and on-site interventions required;
- inventorying the network of northern airports and establishing a global overview of services offered;
- identifying “pivotal” regional airports in order to better target strategic routes and better understand how air transport is complemented by helicopter transport services.

The results of this study will provide the knowledge necessary to ensure better regional services in the medium term, as a result of the concerted and integrated strategy to access the Plan Nord territory.

The additional funding needed to carry out this study will be made available to the Société du Plan Nord from the Northern Plan Fund.

7. THE RÉSEAU EXPRESS MÉTROPOLITAIN

The March 2017 Québec Economic Plan confirmed the Government of Québec's desire to invest in the Réseau express métropolitain (REM) project, proposed by the Caisse de dépôt et placement du Québec. Evaluated at \$6.3 billion, the REM will have significant benefits, representing 65% of the project's value, for Québec-based businesses and workers.

□ The steps completed to start work

To make the REM a reality, the Ministère des Transports, de la Mobilité durable et de l'Électrification des transports presented Bill 137, *An Act respecting the Réseau électrique métropolitain* to the National Assembly on May 11, 2017. After having been the subject of special consultations as well as an exhaustive study by the parliamentary committee, the bill was adopted by the National Assembly on September 27, 2017.³

On February 8, 2018, CDPQ Infra, a wholly-owned subsidiary of the Caisse, disclosed the names of the two consortia retained for construction of the REM:

- The EPC Contract was granted to Groupe NouvLR⁴ to complete the infrastructures (engineering, procurement and construction), primarily consisting of the stations, engineering structures and tracks;
- The RSSOM Contract was granted to the Groupe des Partenaires pour la Mobilité des Montréalais (PMM)⁵ to provide rolling stock, systems and operation services, as well as regular and long-term maintenance of the project's infrastructures.

On March 21, 2018, the government approved the required agreement regarding management and carrying out of a project pursuant to section 88.10 of the *Transport Act*. This agreement, established with the Caisse, specifies most specifically the partners' responsibilities and obligations within the framework of managing and carrying out the project. For its part, the Autorité régionale de transport métropolitain (ARTM) entered into an integration agreement with the Caisse to operate the REM in the Montréal metropolitan area. The conditions have therefore all been met so that the works can begin in April 2018. The project schedule plans for gradual commissioning of the REM starting in the summer of 2021.

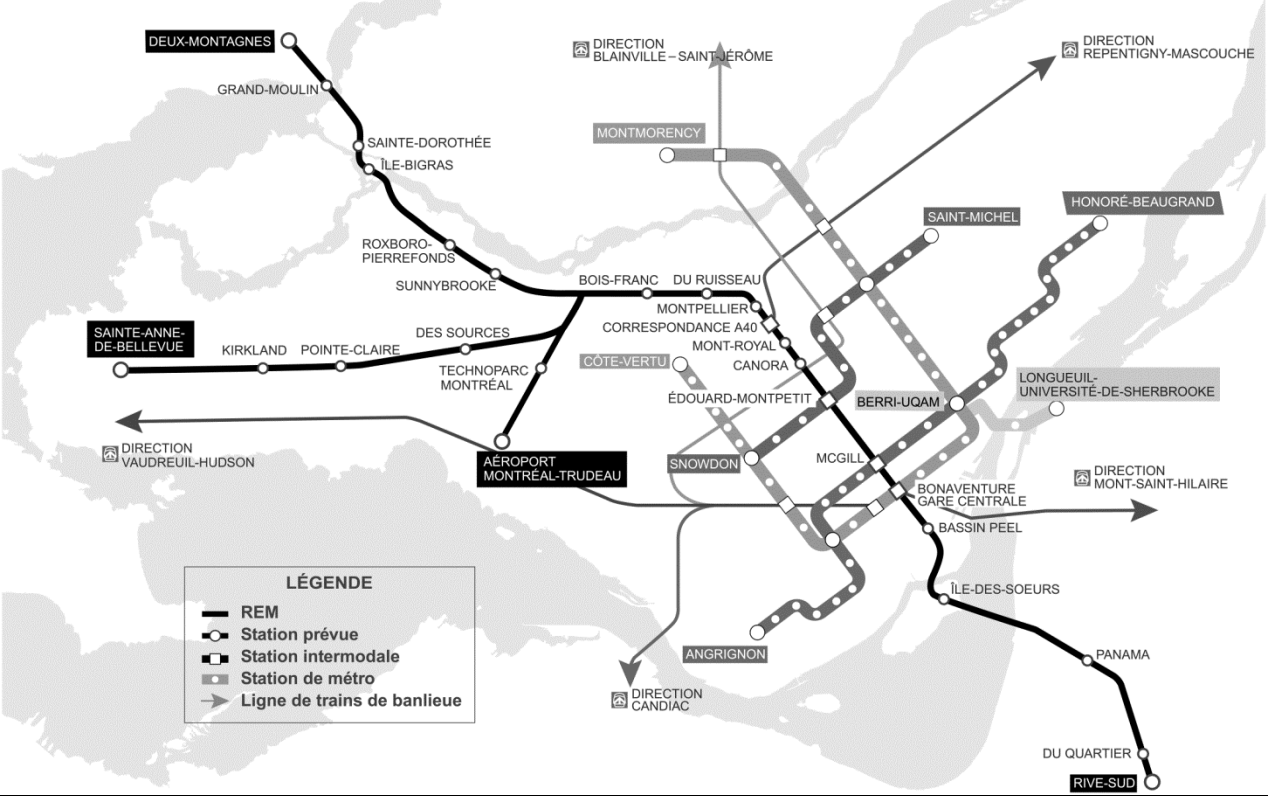
³ On that date, *An Act respecting the Réseau électrique métropolitain* (CQLR, chapter R-25.02) came into force.

⁴ Groupe NouvLR is composed of SNC-Lavalin Grands Projets Inc., Dragados Canada Inc., Groupe Aecom Québec Ltd, Pomerleau Inc., EBC Inc., SNC-Lavalin Inc. and Aecom Consultants Inc.

⁵ Groupe des Partenaires pour la Mobilité des Montréalais is composed of Alstom Transport Canada Inc. and SNC-Lavalin O&M Inc.

ILLUSTRATION 2

Map of the Réseau express métropolitain



Source: CDPQ Infra.

❑ Reduction of congestion, decrease in greenhouse gas emissions and job creation

The REM will strongly encourage workers, students and travellers to leave their cars behind and take advantage of an efficient and high-performance public transit system. Thus, it will help decrease traffic congestion in the Greater Montréal area, which costs an estimated \$1.9 billion per year.

The REM will also contribute to meeting the government's objectives for economic growth, transport electrification and reduction of greenhouse gas (GHG) emissions. According to CDPQ Infra's studies, REM will contribute to reducing GHG emissions by 680 000 tonnes over 25 years of operation. The Caisse also committed to compensating for GHG emissions during the project construction period by planting 250 000 trees, which is equivalent to 87 000 tonnes of GHGs. Thus, from the time the first shovel hits the ground on the construction site until it is fully operational, the REM will have a positive global impact on the environment.

The REM's completion is of vital importance for Québec's economy. The REM will create more than 34 000 jobs during the construction period and 1 000 permanent jobs after its commissioning. Furthermore, the economic benefits are estimated at nearly \$3.7 billion.

❑ **Business plan**

■ **Financing completed**

After the consortia that will complete the REM were selected, the project cost was adjusted to \$6.3 billion. The difference of less than \$300 million compared to the preliminary estimation of \$6.04 billion announced in the March 2017 Québec Economic Plan will be fully assumed by the Caisse. The latter will therefore invest an amount totalling \$2.95 billion to implement the REM.

Sharing of dividends

As an institutional investor to which the largest public pension plans for Quebecers are specifically entrusted, the Caisse must invest in projects providing a commercial return potential for its investors, adjusted in terms of the level of risk assumed.

As coordinator and manager of the project, the Caisse will obtain a prioritized return of 8% on its investment. Thus, it will receive dividends first from the REM during the period required to reach a return of 8%.

Once the Caisse's prioritized return is met, the other shareholders, namely the Governments of Québec and Canada,¹ will each receive 36% of the dividends paid. During that period, and until the governments receive a return of 3.7%, the Caisse will receive 28% of the dividends.

Once the governments have received a return of 3.7%, the annual dividends from the REM will be distributed according to each shareholder's participation in the project.

¹ The sharing of dividends assumes that the ownership interests by the Canada Infrastructure Bank and the Government of Quebec in the REM's share capital are identical.

■ Investment by the Caisse's partners

In the context of its project, the Caisse will rely on investments by the Governments of Québec and Canada, who will act as financial partners. However, in no case will they intervene in the choice of policy directions, management or operation of the REM.

■ Québec government

In March 2017, the Québec government announced that it will invest in the share capital of REM Inc. More specifically, the Québec government will acquire preferred shares without voting rights for an amount totalling \$1 283 million.

■ Federal government

On June 15, 2017, the Prime Minister of Canada confirmed that the federal government will contribute to the REM's financing for an amount equal to the Québec government's investment, which is \$1 283 million.

The Government of Quebec and the Caisse will soon submit a request to Canada Infrastructure Bank for investment in the REM's share capital. If applicable, the Bank's investment will be in the form of preferred shares without voting rights, the same as the Government of Québec's investment.

Until then, the federal government's financial contribution will come from Phase 2 of the Investing in Canada infrastructure plan.

TABLE 16

REM – Financing structure

(millions of dollars)

	Funding source	Other sources	Total
The Caisse's equity	2 952	—	2 952
Québec government equity	1 283	—	1 283
Canadian government equity ⁽¹⁾	1 283	—	1 283
Total – Governments equity	2 566	—	2 566
Compensation associated with rise in property values	—	512	512
Hydro-Québec – Transport electrification	—	295	295
Total – Other sources	—	807	807
TOTAL	5 518	807	6 325

(1) The federal government's financial contribution will initially come from Phase 2 of the Investing in Canada infrastructure plan. The project will be submitted to the Canada Infrastructure Bank for it to invest in REM preferred shares without voting rights.

■ Other sources of funding

In addition to the investments by the Caisse and those of the governments as shareholders, financing of the REM will be completed by two other sources:

- Compensation relating land value capture;
 - Initially, it was expected that the Caisse and the municipalities would share the revenue resulting from the rise in property values. As announced in March 2017, the government decided instead to leave all of this revenue for the municipalities and to increase the ARTM's sources of funding, by an amount of \$512 million, so that it would compensate the REM for this revenue.
- Hydro-Québec's support for electrification of the network.
 - This financial support of \$295 million is intended to cover the costs of the fixed equipment required to electrify the REM. This contribution is part of a commercial agreement between Hydro-Québec and the company operating the REM that will be a customer of Hydro-Québec for the provision of electricity for the project.

❑ **REM’s impact on the Québec government’s financial framework**

In addition, the government will ensure funding of certain works that fall under its responsibility. Moreover, the government will continue, as it does today, to finance the operation of public transit.

■ **The government’s responsibilities**

In the March 2017 Québec Economic Plan, the government stated that it would finance projects related to the REM as well as the elements that fall under its jurisdiction.

- A contribution of \$221 million is included in the Québec Infrastructure Plan for investments related to the REM such as bus terminals and highway access ramps.
- In addition, in compliance with standard practices for large-scale infrastructure projects, the relocation of public utilities and soil decontamination costs will also be paid for by the government, for a total of \$171 million.

TABLE 17

Government’s responsibilities
(millions of dollars)

Related assets	221
Relocation of public utilities and soil decontamination	171
TOTAL	392

■ Contribution to operations

The REM is a public transit infrastructure. As such, the government will contribute, through the ARTM, to the funding of the REM, just as it does for the current public transit network. This government contribution, established in dollars per passenger-kilometre, is added to that of municipalities and the prices paid by users.

The ARTM's payment of \$0.72 per passenger-kilometre to the REM will cover all of the REM's costs, including operating costs and capital expenditures.

TABLE 18

Government's contributions to the ARTM for operating the REM (millions of dollars)

	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	2023- 2024
Compensation associated with rise in property values ⁽¹⁾	-512	—	—	—	—	—	—
Public utilities and decontamination ⁽²⁾	—	—	-86	-85	—	—	—
Contribution to operations ^{(1),(3),(4)}	—	—	—	—	-34	-71	-115
Related assets ⁽⁵⁾	-221	—	—	—	—	—	—
TOTAL	-733	—	-86	-85	-34	-71	-115

(1) This consists of expected contributions from the ARTM.

(2) These contributions will be paid directly to the REM.

(3) An additional contribution is added from the municipalities to the government contribution in the amount of \$5 million in 2021 2022, \$11 million in 2022 2023 and \$19 million in 2023 2024. These contributions are based on expected ridership for the REM and take into account the existing municipal contributions in the amount of \$30 million per year.

(4) Contribution to operations includes an annual contribution of \$7 million paid to the ARTM as compensation for parking income not collected.

(5) From this amount, \$26 million will be paid directly to the REM.

Contribution by the government to REM's operation comparable to that of the current commuter train network

By joining the REM project, the government will make it possible for the greater Montréal population to benefit from a new, modern and efficient transit infrastructure, in return for a contribution comparable to that paid for the current commuter train network.

In 2021, according to the ARTM's forecasts, the government will pay the equivalent of \$0.43 per passenger-kilometre to finance the current commuter train network, for which the total forecast cost will be \$0.89 per passenger-kilometre.¹

To illustrate, for the same year, the government's contributions to the REM are estimated at \$0.39 per passenger-kilometre² out of a total cost of \$0.72 per passenger-kilometre, which covers all operating costs and capital expenditures.

1 This is ARTM's forecast, which includes major reinvestment in fixed assets.

2 This is an assumption of the REM's full operation in 2021 with ridership of 550 million passenger-kilometres.

❑ Development dues

When the *Act respecting the Réseau électrique métropolitain* came into force, it gave the ARTM, which was inaugurated on June 1, 2017, the authority to impose, by regulation, dues for public transit purposes. Densification work carried out within the local municipalities' territories that will be serviced by the REM will be subject to these dues, according to the terms and conditions established by regulation.

The transportation dues, established at \$10/ft², will be imposed on real estate developers for new construction with a value over \$750 000, within a perimeter not exceeding 1 kilometre around each of the REM's 26 stations. In addition to new constructions, dues will also be imposed on modifications to existing buildings, including redevelopment, reconstruction or increasing of floor surface area, or even a change in use of the said building.

The amounts obtained from the dues, collected by the municipalities and paid to the ARTM, will be remitted to the REM. The amounts thus paid to the REM could reach a maximum of \$600 million over a period not exceeding fifty years.

